

## **DIRECTORS**

N VENKATARAMANI	Chairman
A VENKATARAMANI	Managing Director
R MAHADEVAN	Director
MASAAKI OTANI	Director
P M VENKATASUBRAMANIAN	Director
R NATARAJAN	Director
S RAMACHANDRA	Director
SANDHYA SHEKHAR	Director
R VENKATARAMAN	Chief Financial Officer
S PRIYAMVATHA	Company Secretary

## **AUDITORS**

Messrs. R.G.N. PRICE & Co.,  
861, Anna Salai, Chennai 600 002

## **COST AUDITORS**

RAMAN & ASSOCIATES  
No. 1, Muthukumara Swamy Salai  
Baby Nagar, Velacherry, Chennai 600 042

## **LEGAL ADVISORS**

S RAMASUBRAMANIAM & ASSOCIATES  
6/1, Bishop Wallers Avenue (W), Chennai 600 004

## **BANKERS**

CENTRAL BANK OF INDIA  
THE KARUR VYSYA BANK LIMITED  
STANDARD CHARTERED BANK  
HDFC BANK LIMITED

## **REGISTERED OFFICE & FACTORY**

D 11/12, Industrial Estate  
Maraimalai Nagar  
Kancheepuram Dist. 603 209  
Tel: 044 - 2745 2816 / 2745 2851  
E-mail: iprmn@iprings.com

## **SHARE TRANSFER AGENTS**

BTS CONSULTANCY SERVICES PVT LTD  
I Floor, M S Complex  
Plot No. 8, Sastri Nagar  
Nr. 200 Feet Road RTO  
Kolathur, Chennai - 600 099  
Tel: (044) 2556 5121 Fax (044) 2556 5131  
E-mail: helpdesk@btsindia.co.in

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## NOTICE TO THE MEMBERS

**NOTICE** is hereby given that the **TWENTY FOURTH ANNUAL GENERAL MEETING** of the Members of **IP Rings Ltd.** will be held at 10.15 a.m. on Thursday, 30<sup>th</sup> July 2015 at the Registered Office of the Company at D-11/12, Industrial Estate, Maraimalai Nagar 603 209, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the year ended on March 31, 2015 and the Report of the Directors' and of the Auditor's thereon and to pass the following Resolution as an Ordinary Resolution:  
"RESOLVED that the Statement of Profit and Loss for the year ended on March 31, 2015, the Balance Sheet as on that date and annexure thereto, the Cash Flow Statement for the year ended on March 31, 2015, the Reports of Auditors and Directors thereon be and are hereby received and adopted."
2. To elect a Director in place of Mr N Venkataramani (DIN 00001639), who retires by rotation and, being eligible, offers himself for re-election and to pass the following Resolution as an Ordinary Resolution:  
"RESOLVED that Mr N Venkataramani (DIN 00001639), who retires by rotation from the Board pursuant to the provisions of Section 152 of the Companies Act, 2013 be and is hereby re-elected as a Director of the Company."
3. To elect a Director in place of Dr R Mahadevan (DIN 00001690), who retires by rotation and, being eligible, offers himself for re-election and to pass the following Resolution as an Ordinary Resolution.  
"RESOLVED that Dr R Mahadevan (DIN 00001690), who retires by rotation from the Board pursuant to the provisions of Section 152 of the Companies Act, 2013 be and is hereby re-elected as a Director of the Company."
4. To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution.  
"RESOLVED that pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, Messrs. R G N Price & Co., (Firm Regn No. 002785S) Chartered Accountants, Chennai be and is hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed in this behalf by the Board of Directors of the Company."

### SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution.  
"RESOLVED that Dr Sandhya Shekhar (DIN 06986369), whose term of office as an Additional Director, pursuant to Section 161 of the Companies Act, 2013, expires at this Annual General meeting and in respect of whom the Company has received a notice under Section 160 of the Companies Act, 2013, proposing her candidature for the office of Director under the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, and Clause 49 of the Listing Agreement, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for five consecutive years from September 30, 2014 to September 29, 2019."
6. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution.  
"RESOLVED that pursuant to the provisions of Section 181 of the Companies Act, 2013 and all other applicable provisions, if any, of the Act, the Company seeks the consent of the Shareholders for the donations amounting to ₹. 2,52,500/- made to charities during the financial year 2014-15."
7. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution.  
"RESOLVED that the remuneration of ₹.1.25 Lakhs in addition to reimbursement of out of pocket expenses payable to M/s. Raman & Associates, who were appointed as Cost Auditor of the Company for the year 2015-16 as recommended by the Audit committee and approved by the Board of Directors of the Company, in terms of Section 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 be and is hereby ratified."

8. To consider and if thought fit to pass with or without modifications(s), the following Resolution as a Special Resolution.

“RESOLVED that in supersession to the Special Resolution adopted at the 23<sup>rd</sup> Annual General Meeting held on July 31, 2014, subject to the approval of the Central Government, pursuant to the provisions of Section 197 and other applicable provisions of the Companies Act, 2013, consent of the Members be and is hereby accorded for waiver of recovery of excess remuneration of ₹. 9,98,831/- paid / payable to Dr N Gowrishankar, Whole Time Director for the period 01.04.2013 to 31.05.2013, notwithstanding the fact that the Company has no profits or inadequate profits and which has been duly recommended by the Nomination & Remuneration Committee.

RESOLVED FURTHER that the Company Secretary be and is hereby authorized to make necessary application to the Central Government for waiver of recovery of excess remuneration paid / payable to the Whole Time Director and to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this Resolution.”

9. To consider and if thought fit to pass with or without modifications(s), the following Resolution as a Special Resolution.

“RESOLVED that in supersession to the Special Resolution adopted at the 23<sup>rd</sup> Annual General Meeting held on July 31, 2014, subject to the approval of the Central Government, pursuant to the provisions of Section 197 and other applicable provisions of the Companies Act, 2013, consent of the Members be and is hereby accorded for waiver of recovery of excess remuneration of ₹. 78,21,216/- paid to Mr A Venkataramani, Managing Director for the period 01.04.2013 to 31.03.2014, notwithstanding the fact that the Company has no profits or inadequate profits and which has been duly recommended by the Nomination & Remuneration Committee.

RESOLVED FURTHER that the Company Secretary be and is hereby authorized to make necessary application to the Central Government for waiver of recovery of excess remuneration paid to the Managing Director and to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this Resolution.”

By Order of the Board

Chennai  
May 27, 2015

**S PRIYAMVATHA**  
Company Secretary

Registered Office:  
D-11/12, Industrial Estate  
Maraimalai Nagar 603 209  
CIN: L28920TN1991PLC020232

**NOTES:**

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. A proxy cannot act as proxy on behalf of members not exceeding 50 and holding in the aggregate not more than ten percent of the total share capital of the Company.
- The relative Statement pursuant to Section 102 of the Companies Act, 2013 in respect of business under item nos.5 - 9 as set out above is annexed hereto.
- The proxy form duly completed should be deposited at the Registered Office of the Company / Office of the Share Transfer Agents not later than 48 hours before the commencement of the Meeting.
- The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, July 23, 2015 to Thursday, July 30, 2015 (both days inclusive).
- Members / Proxies should bring the attendance slip duly filled in for attending the Meeting.
- Members / Proxies are requested to bring their copy of Annual Report to the Meeting.
- Members who have multiple Folios in identical names or joint names in the same order are requested to intimate to the Company those Folios to enable the Company to consolidate all such Shareholdings into a single Folio.

**Appointment / Reappointment of Directors:**

- At the ensuing Annual General Meeting, Mr N Venkataramani & Dr R Mahadevan, Directors, retire by rotation and being eligible offer themselves for reappointment.
- As per Clause 49 of the Listing Agreement with Stock Exchanges, the brief background, functional expertise of the Director proposed for re-appointment are furnished below along with details of Companies in which he is a Director and the Board Committees of which he is a member:
  - (i) Mr N Venkataramani, aged about 75 years has been a Director of the Company since its incorporation and occupies the position of Chairman from May 30, 2011. He is an Engineer by profession and holds a Master's Degree in Production. He is the Chairman & Managing Director of India Pistons Limited, one of the Promoter Companies.

Details of other Directorships / Committee Memberships held by him:

Directorship	Committee Membership
India Pistons Limited	
Amalgamations Repco Limited	Audit Committee (Chairman)
George Oakes Limited	
Bimetal Bearings Limited	Stakeholders Relationship Committee (Chairman) Audit Committee (Member)
Amalgamations Valeo Clutch Private Ltd	
Stanesh Amalgamated Estates Limited	
Adyar Property Holding Company Private Limited	
Stanadyne Amalgamations Private Ltd	
Sundaram Finance Limited	
Amalgamations Private Limited	
Simpson and Company Limited	
Abi-Showa Tech (India) Limited	Audit Committee (Chairman)

- (ii) Dr R Mahadevan, aged about 72 years has been a Director of the Company since July 1995. He is an Engineering Graduate and holds a Ph.D from IIT, Chennai. He has held various senior level management positions and retired as a Whole Time Director from India Pistons Limited.

Details of other Directorships / Committee Memberships held by him.

Directorship	Committee Membership
India Pistons Limited	
IP Pins & Liners Limited	
BBL Daido Pvt. Ltd.	
Amco Batteries Limited	
Amalgamations Valeo Clutch Pvt. Ltd.	
Simpson & Co. Ltd	
IPL Green Power Ltd.	

- The Company has appointed Mrs Lalitha Kannan of M/s. LK & Associates, Practicing Company Secretaries, Chennai to act as the Scrutinizer for conducting the e-Voting Process (including the Ballot Form received from the members, who do not have access to the e-Voting process), in a fair and transparent manner.
- Members who do not have access to e-Voting facility may send completed Ballot Form (enclosed with this Annual Report) so as to reach the Scrutinizer appointed by the Board of Directors of the Company, at the Registered Office of the Company not later than Wednesday, July 29, 2015. Ballot paper received after this date will be treated as invalid.
- In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the 24<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- The facility for voting through ballot paper has been made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- The remote e-voting period commences on 27<sup>th</sup> July 2015 (9:30 am) and ends on 29<sup>th</sup> July 2015 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 24<sup>th</sup> July 2015, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- The process and manner for remote e-voting are as under:
  - (a) In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)] :
    - (i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
    - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>
    - (iii) Click on Shareholder - Login
    - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
    - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
    - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.

- (vii) Select “EVEN” of “IP Rings Ltd”.
  - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
  - (ix) Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
  - (x) Upon confirmation, the message “Vote cast successfully” will be displayed.
  - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
  - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to kannan.lalitha@gmail.com with a copy marked to evoting@nsdl.co.in
- (b) In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :

- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:

EVEN	USER ID	PASSWORD/PIN

- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
  - If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
  - You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
  - The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 24<sup>th</sup> July 2015.
  - Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 24<sup>th</sup> July 2015, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [ps@iprings.com](mailto:ps@iprings.com)
- However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.
- A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
  - A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
  - The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of “Ballot Paper” for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
  - The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer’s report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
  - The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company, viz., [www.iprings.com](http://www.iprings.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:**

**ITEM NO. 5**

Dr Sandhya Shekhar was appointed as an Additional Director under the Independent Directors Category on September 30, 2014 by the Board of Directors, subject to the approval of the Members at this Annual General Meeting.

Dr Sandhya Shekhar, Non-Executive Director of the Company has given a declaration to the Board that she meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013. In the opinion of the Board, she fulfills the conditions specified in the Act and the Rules framed thereunder for appointment as an Independent Director and she is independent of the management.

Individual notice has been received from a member proposing her as a candidate for the office of Director of the Company.

In compliance with the provisions of Section 149 of the Companies Act, 2013 read with Schedule IV of the Act, the appointment of Dr Sandhya Shekhar as an Independent Director is now being placed before the Members for their approval.

The terms and conditions of appointment of the above Director are open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day.

Dr Sandhya Shekhar holds a Doctorate in Information Technology and was the First CEO of IIT Madras Research Park. She is an expert in the area of Knowledge and Innovation Strategy.

Details of other Directorships / Committee Memberships held by her.

<b>Directorship</b>	<b>Committee Membership</b>
Bimetal Bearings Ltd.	

The Board of Directors recommends this resolution as set out under item no. 5.

Save and except Dr Sandhya Shekhar, none of the Directors / KMPs / their relatives is interested or concerned in the proposed resolution.

**ITEM NO. 6**

During the financial year 2014-15 the Company had contributed a sum of ₹ .2,52,500/- towards Charity. In as much as the said payment requires the consent of the Shareholders in conformity with Section 181 of the Companies Act, 2013 the Resolution is placed for approval.

The Board of Directors recommends this resolution as set out under item no. 6.

None of the Directors / KMPs / their relatives is interested or concerned in this Resolution.

**ITEM NO. 7**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors M/s. Raman & Associates, amounting to ₹.1.25 Lakhs per annum, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2016.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the Shareholders of the Company and hence the Resolution.

The Board of Directors recommends the resolution for your approval as set out under item no. 7.

None of the Directors / KMPs / their relatives is interested or concerned in the proposed resolution.

#### **ITEM NO. 8**

At the 23<sup>rd</sup> Annual General Meeting held on July 31, 2014, the Special Resolution for waiver of recovery of excess remuneration paid / payable to Dr N Gowrishankar, the then Whole Time Director for the Financial Year 2013-14 under the Companies Act, 1956 was approved. Based on the Resolution the Company made an application to the Central Government for waiver. The Central Government advised the Company to cover the Resolution under the Companies Act, 2013, as the new Act has come into force with effect from April 01, 2014 and hence this Special Resolution under Section 197 of the Companies Act, 2013.

An application for the waiver of recovery of excess remuneration will be made to the Central Government.

Your Directors recommend the Resolution for approval.

Save and except Dr N Gowrishankar, the then Whole Time Director, none of the Directors / KMPs / their relatives are, in any way, concerned or interested in this Resolution.

#### **ITEM NO. 9**

At the 23<sup>rd</sup> Annual General Meeting held on July 31, 2014, the Special Resolution for waiver of recovery of excess remuneration paid to Mr A Venkataramani, Managing Director for the Financial Year 2013-14 under the Companies Act, 1956 was approved. Based on the Resolution the Company made an application to the Central Government for waiver. The Central Government advised the Company to cover the Resolution under the Companies Act, 2013, as the new Act has come into force with effect from April 01, 2014 and hence this Special Resolution under Section 197 of the Companies Act, 2013.

An application for the waiver of recovery of excess remuneration will be made to the Central Government.

Your Directors recommend the Resolution for approval.

Apart from Mr A Venkataramani, Mr N Venkataramani, Chairman, being a relative of the Managing Director is concerned or interested in this Resolution. None of the other Directors / KMPs / their relatives is, in any way, concerned or interested in this Resolution.

By Order of the Board

Chennai  
May 27, 2015

**S PRIYAMVATHA**  
Company Secretary

Registered Office:  
D-11/12, Industrial Estate  
Maraimalai Nagar 603 209  
CIN: L28920TN1991PLC020232

## **DIRECTORS' REPORT**

Your Directors have pleasure in presenting the **Twenty Fourth Annual Report** together with the Audited Financial Statements for the year ended March 31, 2015 and the Auditor's Report thereon.

## **FINANCIAL RESULTS**

	<b>2014-2015</b>	<b>2013-2014</b>
	<b>(₹ in Lakhs)</b>	
Profit before Finance charges, Depreciation and Tax	<b>1330.47</b>	976.90
Finance charges	<b>774.64</b>	647.43
Depreciation	<b>671.12</b>	691.10
Profit / (Loss) before Tax	<b>(115.29)</b>	(361.63)
Provision for Taxation (Net)	<b>(66.74)</b>	(86.07)
Profit / (Loss) after Tax	<b>(48.55)</b>	(275.56)
<b>Add:</b> Balance brought forward from previous year	<b>(643.28)</b>	(367.72)
Adjustment on account of Fixed Assets	<b>(31.79)</b>	—
Balance carried forward	<b>(723.62)</b>	(643.28)

## **DIVIDEND**

In view of the loss during the year under review, your Directors do not recommend any Dividend for the year ended March 31, 2015.

## **REVIEW OF BUSINESS OPERATIONS**

After recording a spectacular growth in the years 2009-2012, the Auto Industry has stagnated during the last three years. Some segments of the industry, particularly the Heavy and Medium Commercial Vehicle (H&MCV) has contracted by 15% per annum during the last three years. The depressed activity level in the industry has led to severe shrinkage of demand for components, consequent to which all the auto component manufacturers including IPRL have had to perform below par in the recent years.

As a result of these developments, the demand for auto components has suffered leading to low utilisation of capacities, under absorption of fixed costs and consequential drop in profitability.

Your Company ended the year with a loss. However, it had improved the performance by bringing down the loss to ₹.115.29 Lakhs for the year 2014-15, as compared to ₹.361.63 Lakhs recorded in the previous year.

## **FUTURE PROSPECTS**

Despite the slowdown in the industry during the last three years, the outlook for the future appears to be promising. It is hoped and expected that the Union Government will provide impetus to the manufacturing sector particularly the Automobile and the Auto Component Industry.

Prime Minister's 'Make in India' program has spread a sense of positivity and the much needed enthusiasm in the Indian manufacturing base. 'Make in India' is a blue print that aspires to bolster domestic manufacturing by facilitating investment, fostering innovation, enhancing skill development, protecting intellectual property and building best in class manufacturing infrastructure within the country.

For IPRL, continued quality improvement, cost differentiation, indigenous procurement, innovative technology, newer markets, value engineering and management systems – all these elements will contribute in the years to come. IPRL has carefully read the situation and is poised to strengthen its position in the market.

## **DIRECTORS**

In accordance with the provisions of the Companies Act, 2013, Mr N Venkataramani & Dr R Mahadevan, retire by rotation and are eligible for re-election. Dr Sandhya Shekhar, Independent Director was appointed as an Additional Director on September 30, 2014 and she will hold office until this Annual General Meeting. By virtue of Section 149 of the Companies Act, 2013, your Directors are seeking appointment of Dr Sandhya Shekhar, as an Independent Director for a period of five consecutive years for a term upto September 29, 2019.

Dr N Gowrishankar and Mr S R Srinivasan, Directors resigned from the Board during the year. Your Directors place on record their appreciation for the valuable services rendered by these Directors during their tenure.

All the Independent Directors of the Company have affirmed that they meet the criteria for independence as provided in Section 149(6) of the Companies Act, 2013. Formal Annual Evaluation of Directors was done as per the requirements of the Companies Act, 2013.

#### **COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES**

The provisions of Section 178(1) relating to constitution of Nomination and Remuneration Committee are applicable to the Company and hence the Company has devised a policy relating to appointment of Directors, payment of managerial remuneration, Directors qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013. The said policy is posted in the website of the Company.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submit its responsibility statement:-

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors had prepared the annual accounts on a going concern basis;
- the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; &
- the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **RISK MANAGEMENT POLICY**

The Company has an adequate Risk Management Policy commensurate with its size and operations. The risk management includes identifying types of risks and its assessment, risk handling, monitoring and reporting.

#### **CORPORATE GOVERNANCE**

A Certificate from the Auditors of the Company regarding compliance of conditions of 'Corporate Governance' as stipulated under Clause 49 of the Listing Agreement is attached to this report.

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, a separate section on Corporate Governance is included in the Annual Report. A Management Discussion and Analysis Report forms part of this Directors' Report. All the mandatory requirements under the Code of Corporate Governance have been complied with.

#### **AUDITORS**

Messrs. R.G.N Price & Co., Chartered Accountants retire at this Annual General Meeting and are eligible for reappointment.

#### **INTERNAL AUDITORS**

Messrs. M.S. Krishnaswami & Rajan, Chartered Accountants are the Internal Auditors of the Company.

#### **COST AUDITORS**

In terms of Notification dated 31<sup>st</sup> December 2014, issued by the Ministry of Corporate Affairs, Cost Audit is applicable to the Company with effect from April 01, 2015. M/s. Raman & Associates, Cost Auditors, Chennai are the Cost Auditors of the Company.

#### **SECRETARIAL AUDITORS**

M/s. LK & Associates, Practicing Company Secretaries, Chennai are the Secretarial Auditors of the Company. A Secretarial Audit Report as required under Section 204 of the Companies Act, 2013 for the year under review is given in the Annexure forming part of this Report.

#### **EXTRACTS OF ANNUAL RETURN**

The extract of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is given in Form No. MGT-9, forming part of this Report.

#### **RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the Company at large. The details of the transactions with related parties are given in the financial statements.

#### **INTERNAL COMPLAINTS COMMITTEE**

Your Company has put in place a policy for prevention, prohibition and redressal against sexual harassment of women at the workplace to protect women employees and enable them to report sexual harassment at the workplace. An Internal Complaints Committee headed by a woman employee has also been constituted for this purpose.

#### **INTERNAL FINANCIAL CONTROLS**

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation were observed.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8 (3) of The Companies (Accounts) Rules, 2014 is given in the Annexure forming part of this Report.

#### **PARTICULARS OF EMPLOYEES**

There were no employees in receipt of remuneration of ₹.5,00,000/- p.m. or more during the year ended 31.03.2015. Having regard to the provisions of Sec. 136(1) read with its relevant proviso of the Companies Act, 2013, the Annual Report excluding information under Sec. 197 is being sent to the members. The said information is available for inspection at the Registered Office of Company and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished without any fee.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

The Company has not given any loans or guarantees covered under the provisions of Section 186 of the Companies Act, 2013. The details of the investments made by Company are given in the financial statements.

#### **ACKNOWLEDGEMENT**

Your Directors wish to place on record their appreciation of the Technical Assistance and Marketing Services extended by M/s Nippon Piston Ring Co. Ltd., Japan and M/s. India Pistons Limited, Chennai, respectively.

Your Directors also wish to place on record their appreciation of the contribution made by the employees at all levels.

For and on behalf of the Board

**N Venkataramani**  
Chairman

Chennai  
May 27, 2015

**Annexure to the Directors' Report for the year ended 31st March 2015.**  
**Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange**

**I. CONSERVATION OF ENERGY**

Various energy conserving/saving measures at all points of manufacturing are continuously being implemented.

**A. POWER & FUEL CONSUMPTION**

**Electricity:**

	2014-2015	2013-2014
<b>(a) Purchased :</b>		
<i>Units in Lakhs</i>	<b>63.70</b>	53.02
<i>Total Amount (₹ in Lakhs)</i>	<b>468.52</b>	401.45
Rate / Unit - ₹	<b>7.36</b>	7.57

**(b) Own Generation :**

Through Diesel Generator

<i>Units in Lakhs</i>	<b>2.11</b>	4.40
<i>Units per litre of Diesel</i>	<b>2.95</b>	3.33
Cost / Unit - ₹	<b>23.30</b>	19.13

**B. CONSUMPTION PER UNIT OF PRODUCTION (ELECTRICITY)**

<b>Products</b>	<b>Standards if any</b>	<b>2014 – 2015</b>	2013 – 2014
Piston Rings	No Standards	<b>0.20 kwh / unit</b>	0.24 kwh / unit
Differential Gears	No Standards	<b>0.96 kwh / unit</b>	0.99 kwh / unit
Pole Wheels & Transmission Components			

## II. TECHNOLOGY ABSORPTION AND INNOVATION

### A. RESEARCH & DEVELOPMENT:

- Specific areas in which R&D is carried out by the company.

Continuous Research is being undertaken in the following areas:

#### **Piston Rings:**

Developed rings for ethanol fuel has been offered, tests running satisfactorily at customer end.

Developed PVD rings for Diesel Passenger car segment.

Developed steel rings for 2W segment as part of value engg for replacing cast iron rings.

#### **Orbital Cold Forming:**

Developed EDL Gears lock ring and pin type Cam ring for latest cars which require 100% differential lock.

Developed split type differential case for export order which is unique in design for modern cars.

- Benefits derived as a result of the above R&D:

#### **Piston Rings:**

Development of steel ring for 2W segment has given a cost benefit of 10% approx.

#### **Orbital Cold Forming:**

Development of EDL Gears lock ring and pin type Cam ring for latest cars which require 100% differential lock. This has resulted in leap bound entry to VolksWagon by Dana and inturn exports for IPRL.

Development of split type differential case for export order which is unique in design for modern cars. This has resulted in significant good export order.

- Future Plan of Action:

#### **Piston Rings:**

Development of PVD coated rings for MUV range of vehicles.

Development of new low friction and ring welding prevention coating.

#### **Orbital Cold Forming:**

Development of hypoid gears thru orbital cold forming process. Improvement in heat treatment process to minimise the distortion levels.

Development of Track Lock Differential Gears.

- Expenditure on R&D:

Capital	₹	69,500/-
Revenue	₹	28,47,774/-
Total	₹	29,17,274/-
Total R & D Expenditure as a % of Total Turnover		0.26%

### B. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION - EFFORTS MADE AND BENEFITS DERIVED:

#### **Imported Technology**

Technology	Technology help	Equipment Imported from	Year of absorption	Status of Implementation
PVD	NPR, Japan	Japan	2009-10	Implemented

### III. FOREIGN EXCHANGE EARNINGS AND OUTGO

- Activities relating to Exports
 

Exploring further opportunities for export of Transmission Components
- Total Foreign Exchange used and earned
 

Foreign Exchange earned	₹ 2,05,99,521/-
Foreign Exchange outgo	₹ 16,77,93,332/-

## ANNEXURE TO DIRECTORS REPORT

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**As on the financial year ended on 31st March 2015**  
**[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the**  
**Companies (Management and Administration) Rules, 2014]**

### I REGISTRATION AND OTHER DETAILS

(i)	CIN	:	L28920TN1991PLC020232
(ii)	Registration Date	:	30.01.1991
(iii)	Name of the Company	:	IP Rings Ltd.
(iv)	Category / Sub-Category of the Company	:	PUBLIC LIMITED COMPANY
(v)	Address of the Registered Office and contact details	:	D 11/12, Industrial Estate, Maraimalai Nagar - 603 209 Ph : (044) 2745 2816 / 2745 2851
(vi)	Whether Listed Company Yes / No	:	YES
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	BTS CONSULTANCY SERVICES PVT LTD I Floor, M S Complex Plot No. 8, Sastri Nagar Nr. 200 Feet Road RTO Kolathur, Chennai - 600 099 Tel: (044) 2556 5121 Fax (044) 2556 5131 E-mail: helpdesk@btsindia.co.in

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated :-

Sl. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the company
1	Parts & Accessories of Engines	29113	100

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	NAME AND ADDRESS OF THE COMPANY	CIN / GLN	HOLDING/ SUBSIDIARY/ASSOCIATE	% of Shares held	Applicable Section
1	Amalgamations Pvt. Ltd. No. 124 R K Salai, Chennai - 4	U35999TN1938PTC000019	Ultimate Holding	384100	—
2	India Pistons Ltd. Sembium, Chennai - 11	U35999TN1949PLC000951	Associate	2078862	2(6)
3	Tractors & Farm Equipment Limited No. 77, N H Road, Chennai - 34	U29129TN1960PLC004337	Fellow Subsidiary	778440	—
4	Simpson & Co. Ltd. 861, Anna Salai, Chennai - 2	U65991TN1925PLC002345	Fellow Subsidiary	405930	—

### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### (i) Category-wise Share Holding

S.No.	Category of Shareholders	No. of Shares held at the beginning				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(1)	<b>A. Promoters</b>									
	<b>Indian</b>									
	(a) Individual / HUF									
	(b) Central Govt									
	(c) State Govt (s)									
	(d) Bodies Corp.	36,49,832	0	36,49,832	51.83	36,49,832	0	36,49,832	51.83	0
	(e) Banks / FI									
	(f) Any Other .....									
	<b>Sub-total (A) (1) :-</b>	<b>36,49,832</b>	<b>0</b>	<b>36,49,832</b>	<b>51.83</b>	<b>36,49,832</b>	<b>0</b>	<b>36,49,832</b>	<b>51.83</b>	<b>0</b>

S.No.	Category of Shareholders	No. of Shares held at the beginning				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2)	<b>Foreign</b>									
	(a) NRIs - Individuals									
	(b) Other Individuals									
	(c) Bodies Corp.									
	(d) Banks / FI									
	(e) Any Other .....									
	<b>Sub-total (A) (2) :-</b>	-	-	-	-	-	-	-	-	-
	<b>Total shareholding of Promoter (A) = (A) (1) + (A) (2)</b>	3649832	0	3649832	51.83	3649832	0	3649832	51.83	0
1	<b>B. Public Shareholding Institutions</b>									
	(a) Mutual Funds		200	200	0		200	200	0	0
	(b) Banks / FI									
	(c) Central Govt									
	(d) State Govt (s)									
	(e) Venture Capital Funds									
	(f) Insurance Companies	215347		215347	3.06	215347		215347	3.06	0
	(g) FIIs									
	(h) Foreign Venture Capital Funds									
	(i) Others (specify)									
	<b>Sub-total (B) (1) :-</b>	215347	200	215547	3.06	215347	200	215547	3.06	0
2	<b>Non-Institutions</b>									
	(a) Bodies Corp.									
	(i) Indian	826740	800	827540	11.75	827996	800	828796	11.77	0.02
	(ii) Overseas									
	(b) Individuals									
	(i) Individual shareholders holding nominal share capital upto Rs.1 lakh	832032	344027	1176059	16.71	856366	335227	1191593	16.92	0.21
	(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	330081	77700	407781	5.79	314343	77700	392043	5.57	-0.21
	(c) Others (HUF/NRI/Clearing Member)	61186	2	61188	0.87	60134	2	60136	0.85	-0.02
	(d) Foreign Collaborators	212800	491400	704200	9.99	212800	491400	704200	9.99	0
	<b>Sub-total (B) (2) :-</b>	2262839	913929	3176768	45.11	2271639	905129	3176768	45.11	0
	<b>Total Public shareholding (B) = (B) (1) + (B) (2)</b>	2478186	914129	3392315	48.17	2486986	905329	3392315	48.17	0
	<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
	<b>Grand Total (A+B+C)</b>	6128018	914129	7042147	100	6136818	905329	7042147	100	0

#### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### (ii) Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total Shares	
1	India Pistons Ltd.	2078862	29.52	0	2078862	29.52	0	0
2	Tractors & Farm Equipment Ltd.	778440	11.05	0	778440	11.05	0	0
3	Simpson & Co. Ltd	405930	5.76	0	405930	5.76	0	0
4	Amalgamations Pvt Ltd	384100	5.45	0	384100	5.45	0	0
5	The United Nilgiri Tea Estates Co Ltd.	2000	0.03	0	2000	0.03	0	0
6	Higginbothams Ltd.	500	0.01	0	500	0.01	0	0
	<b>Total</b>	3649832	51.83	0	3649832	51.83	0	0

**IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

(iii) Change in Promoters' Shareholding

**NO CHANGE**

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S.No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year		Remarks
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company	
1	NIPPON PISTON RING CO LTD. At the beginning of the year	704200	9.99	704200	9.99	
	At the end of the year			704200	9.99	
2	ENAM SHARES & SECURITIES PVT LTD At the beginning of the year	501625	7.12	501625	7.12	
	At the end of the year			501625	7.12	
3	GENERAL INSURANCE CORPORATION OF INDIA At the beginning of the year	109242	1.54	109242	1.54	
	At the end of the year			109242	1.54	
4	GAGANDEEP CREDIT CAPITAL PVT LTD At the beginning of the year	100000	1.41	100000	1.41	
	At the end of the year			100000	1.41	
5	UNITED INDIA INSURANCE CO LTD. At the beginning of the year	90356	1.27	90356	1.27	
	At the end of the year			90356	1.27	
6	MOINA MERIT PVT LTD At the beginning of the year	90000	1.27	90000	1.27	
	30.06.2014	6000	0.08	96000	1.35	Purchase
	30.09.2014	4000	0.05	100000	1.41	Purchase
	At the end of the year			100000	1.41	
7	BHAVANI KRISHNAMOORTHY At the beginning of the year	80500	1.13	80500	1.13	
	At the end of the year			80500	1.13	
8	MALLIKA SRINIVASAN At the beginning of the year	47550	0.67	47550	0.67	
	At the end of the year			47550	0.67	
9	SHRIRAM MURALI At the beginning of the year	47550	0.67	47550	0.67	
	At the end of the year			47550	0.67	
10	PARVATHI MADHAVAN At the beginning of the year	34700	0.48	34700	0.48	
	At the end of the year			34700	0.48	

(v) Shareholding of Directors and Key Managerial Personnel :

S.No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	N VENKATARAMANI At the beginning of the year	24050	0.34	24050	0.34
	At the end of the year			24050	0.34
2	A VENKATARAMANI At the beginning of the year	18400	0.26	18400	0.26
	At the end of the year			18400	0.26
3	R MAHADEVAN At the beginning of the year	600	0.01	600	0.01
	At the end of the year			600	0.01
4	S PRIYAMVATHA At the beginning of the year	100	0	100	0
	At the end of the year			100	0

**V INDEBTEDNESS**

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
(i) Principal Amount	41,21,66,893	16,80,00,000	0	58,01,66,893
(ii) Interest due but not paid				
(iii) Interest accrued but not due	15,98,875	1,67,671	0	17,66,546
<b>Total ( i + ii + iii)</b>	<b>41,37,65,768</b>	<b>16,81,67,671</b>		<b>58,19,33,439</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	23,82,22,787	5,00,00,000	0	28,82,22,787
• Reduction	16,29,47,510	4,05,00,000	0	20,34,47,510
<b>Net Change</b>	<b>7,49,25,718</b>	<b>94,89,863</b>		<b>8,44,15,581</b>
<b>Indebtedness at the end of the financial year</b>				
(i) Principal Amount	48,74,42,170	17,75,00,000	0	66,49,42,170
(ii) Interest due but not paid				
(iii) Interest accrued but not due	12,49,316	1,57,534	0	14,06,850
<b>Total ( i + ii + iii)</b>	<b>48,86,91,486</b>	<b>17,76,57,534</b>	<b>0</b>	<b>66,63,49,020</b>

**VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director :**

(₹)

Sl.No.	Particulars of Remuneration	MD	Total Amount
1	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	47,75,000	47,75,000
	(b) Value of perquisites u/s 17 (2) of the Income-tax Act, 1961	13,72,103	13,72,103
2	Others (PF/SAF/GRATUITY/MEDICAL/GAS & ELECTRICITY/OTHERS)		
	Total (A)	61,47,103	61,47,103
	Ceiling as per the Act	84,00,000	84,00,000

**B. Remuneration to other Directors :**

(₹)

Particulars of Remuneration	Name of Directors					Total Amount
	P M Venkatasubramanian	R Natarajan	S Ramachandra	Sandhya Shekhar	S R Srinivasan	
<b>Independent Directors</b>						
– Fee for attending board / Committee Meetings	1,35,000	1,35,000	1,35,000	45,000	60,000	5,10,000
– Commission	0	0	0	0	0	0
– Others, please specify	0	0	0	0	0	0
<b>Total (1)</b>	<b>1,35,000</b>	<b>1,35,000</b>	<b>1,35,000</b>	<b>45,000</b>	<b>60,000</b>	<b>5,10,000</b>
<b>Other Non-Executive Directors</b>	N Venkataramani	R Mahadevan	Masaaki Otani	N Gowrishankar		
– Fee for attending board / Committee Meetings	50,000	70,500	0	30,000		1,50,500
– Commission	0	0	0	0		0
– Others, please specify	0	0	0	0		0
<b>Total (2)</b>	<b>50,000</b>	<b>70,500</b>	<b>0</b>	<b>30,000</b>	<b>0</b>	<b>1,50,500</b>
<b>Total (B) = (1+2)</b>	<b>1,85,000</b>	<b>2,05,500</b>	<b>1,35,000</b>	<b>75,000</b>	<b>60,000</b>	<b>6,60,500</b>

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD :**

(₹)

Sl.No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Company Secretary	CFO	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	11,64,723	15,83,927	27,48,650
	(b) Value of perquisites u/s 17 (2) of the Income-tax Act, 1961		21,600	21,600
	<b>Total</b>	<b>11,64,723</b>	<b>16,05,527</b>	<b>27,70,250</b>

**VII PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES**

**NIL**

## **AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

**To the Members of IP Rings Ltd, Chennai**

We have reviewed the compliance conditions of Corporate Governance by **IP Rings Ltd.** ("the Company") for the year ended 31<sup>st</sup> March 2015 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange in India.

The compliance of conditions of the Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the guidance note on Certification of Corporate Governance (as stipulated in clause 49 of the Listing Agreement) issued by the Institute of Chartered Accountants of India and was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, the Company has substantially complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that no material investor grievance is pending for a period exceeding one month against the Company as per records maintained by Registrar and Share Transfer Agent.

We further state that our examination of such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For R G N Price & Co.,  
Chartered Accountants  
Firm Regn. No. 002785S**

Chennai  
27.05.2015

**Mahesh Krishnan  
Partner  
Membership No. 206520**

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## **DECLARATION BY CHIEF EXECUTIVE OFFICER (CEO) ON COMPANY'S CODE OF CONDUCT:**

This is to confirm that the Company has adopted a Code of Conduct for its Board Members and Senior Management Personnel. This Code is available on the Company's Website.

I confirm that the Company has in respect of the financial year ended March 31, 2015, received from the Board Members and Senior Management Personnel, a Declaration of Compliance with the Code of Conduct as applicable to them.

Chennai  
May 27, 2015

**A Venkataramani  
Managing Director**

## REPORT ON CORPORATE GOVERNANCE

### Company's Philosophy on Code of Governance

The Board of Directors and the Management of IP Rings Ltd. are committed to:

- Enhancing Shareholder value, keeping in view the interests of other Stakeholders, through proactive management and high standards of ethics.
- Ensuring discipline, transparency and accountability and
- Complying with all statutory / regulatory requirements.

### 1. Board of Directors

The present strength of the Board is eight. The Board comprises of Executive and Non Executive Directors and is in conformity with clause 49 of the Listing Agreement. The Board of Directors of the Company are:

Mr N Venkataramani (DIN 00001639)	Chairman (Non Executive)
Mr A Venkataramani (DIN 00277816)	Managing Director (Executive)
Dr R Mahadevan (DIN 00001690)	Director (Non Executive)
Mr Masaaki Otani (DIN 02714500)	Director (Non Executive)
Mr P M Venkatasubramanian (DIN 00124505)	Director (Non Executive - Independent)
Dr R Natarajan (DIN 00001638)	Director (Non Executive - Independent)
Mr S Ramachandra (DIN 02613601)	Director (Non Executive - Independent)
Dr Sandhya Shekhar * (DIN 06986369)	Director (Non Executive - Independent)

\* Was appointed with effect from 30.09.2014.

During the year 2014-15, Dr N Gowrishankar & Mr S R Srinivasan, Directors, resigned from the Board.

### 2. Attendance of each Director at the Board Meetings held during the FY 2014-2015 and at the last AGM and details of other Directorships

Five Board Meetings were held during the year 2014-2015. The dates on which the meetings were held are: 30.05.2014 (two meetings), 31.07.2014, 01.11.2014 & 06.02.2015. The attendance records of all Directors are as under:

Director	No. of Board Meetings Attended	Last AGM Attended	Directorships in other Companies	Committee Memberships in other Companies
Mr N Venkataramani	5	Yes	12	04
Mr A Venkataramani	5	Yes	05	00
Dr R Mahadevan	5	Yes	07	00
Mr Masaaki Otani	2	Yes	00	00
Mr P M Venkatasubramanian	5	Yes	06	06
Dr R Natarajan	5	Yes	01	01
Mr S Ramachandra	5	Yes	03	01
Dr Sandhya Shekhar	2	N.A.	01	00
Dr N Gowrishankar	3	Yes	02	01
Mr S R Srinivasan	3	Yes	02	00

### 3. Remuneration to Directors

The details of remuneration paid / payable to all the Directors for the year 2014-2015 and shares held by Non-Executive Directors in the Company are:

#### i. Non-Executive Director(s)

Director	Sitting Fee (₹)	Commission (₹)	No. of Shares Held
Mr N Venkataramani	50000.00	—	24050
Mr Masaaki Otani	0.00	—	—
Dr R Mahadevan	70500.00	—	600
Mr P M Venkatasubramanian	135000.00	—	—
Dr R Natarajan	135000.00	—	—
Mr S Ramachandra	135000.00	—	—
Dr Sandhya Shekhar	45000.00	—	—
Dr N Gowrishankar	30000.00	—	500
Mr S R Srinivasan	60000.00	—	300

Apart from sitting fee, the Non Executive Directors are eligible for commission upto 1% of the net profits, cumulatively, as per the provisions of Section 197 of the Companies Act, 2013. Compensation paid to each individual director is limited to a sum as determined by the Board. The Board on an annual basis reviews the performance of the Independent Directors.

#### ii. Managing Director (No Sitting Fee)

	Managing Director (₹)
Fixed Component Salary	56,30,989.00
Perquisites	34,03,301.00
Variable Component – Commission	—
<b>Total</b>	<b>90,34,290.00</b>

### 4. Audit Committee

#### Terms of Reference:

The broad terms of reference of the Audit Committee are as follows:

- Review of the Company's financial reporting process and its financial statements
- Review of accounting and financial policies and practices
- Review of the internal control and internal audit systems
- Review of the Audit Report / work of External Auditors
- Review of risk management policies and practices
- Recommend appointment, Remuneration and terms of appointment of Statutory Auditors
- Review of Related Party Transactions including subsequent modifications of any transactions
- Approval of appointment of CFO
- Review and monitor the auditor's independence and performance
- Scrutiny of any ICDs and investments
- Valuation of any undertakings and assets of the Company
- Monitoring the end use of funds raised through Public Offers and related matters

The Audit Committee comprises of four Directors. The names and members of the Committee are as follows :

Mr P M Venkatasubramanian	Chairman	Non Executive – Independent
Dr R Natarajan	Member	Non Executive – Independent
Dr R Mahadevan	Member	Non Executive
Mr. S Ramachandra	Member	Non Executive – Independent

Mrs S. Priyamvatha, Company Secretary is the Secretary of the Committee.

The Audit Committee met four times during the year. The dates on which the meetings were held are: 30.05.2014, 31.07.2014, 01.11.2014 & 06.02.2015. The attendance records of all the members are as under:

<b>Member</b>	<b>No. of Meetings Attended</b>
Mr P M Venkatasubramanian	4
Dr R Natarajan	4
Dr R Mahadevan	4
Mr S Ramachandra	4

#### **5. Stakeholders Relationship Committee**

The Stakeholders Relationship Committee comprises of two Directors. The names and members of the Committee are as follows:

Dr R Mahadevan	Chairman	Non Executive
Mr A Venkataramani	Member	Executive

Mrs S Priyamvatha, Company Secretary is the Secretary of the Committee. She is the Compliance Officer of the Company.

The Stakeholders Relationship Committee met once during the year. The date on which the meeting was held is 06.02.2015. The attendance records of all the members are as under:

<b>Member</b>	<b>No. of Meetings Attended</b>
Dr R Mahadevan	1
Mr A Venkataramani	1

During the year 3 complaints were received from the Shareholders, all of which have been resolved. The Company had no transfers pending at the close of the financial year.

#### **6. Nomination & Remuneration Committee:**

The Company has a Nomination & Remuneration Committee. The broad terms of reference of the Nomination & Remuneration Committee are as follows:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board Diversity

The Committee comprises of three Directors. The name and members of the Committee are as follows

Mr P M Venkatasubramanian	Chairman	Non Executive – Independent
Dr R Natarajan	Member	Non Executive – Independent
Mr S Ramachandra	Member	Non Executive – Independent

Mrs S Priyamvatha, Company Secretary is the Secretary of the Committee.

During the year under review, the Committee met twice viz., 30.05.2014 & 06.02.2015. All the members have attended both the meetings.

#### **7. Disclosure**

All transactions entered into with Related Parties as defined under Clause 49 of the Listing Agreement during the financial year were in the ordinary course of business and on an arm's length basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant related party transactions with the Company's Promoters, Directors, the subsidiaries or relatives etc., and the same are disclosed in accounts under Notes on Accounts and in the opinion of the Directors, these financial and commercial transactions are not in conflict with the interests of the Company at large.

There was neither non-compliance by the Company nor there were any penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

Mr N Venkataramani, Chairman & Mr A Venkataramani, Managing Director are related to each other as defined in Section 2(77) of the Companies Act, 2013 and Rule 4 of the Companies (Specification of definitions details) Rules, 2014.

The Company had issued formal letters of appointment to Independent Directors in the manner as provided in the Companies Act, 2013. The terms and conditions of appointment are disclosed in the Website of the Company. The Company has formulated a policy to familiarize the Independent Directors.

During the year, the Independent Directors met on 06.02.2015, inter alia to review the performance of Non Independent Directors and the Board as a whole, review the performance of Chairman of the Company and to assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All Independent Directors of the Company shall be bound by duties of Independent Directors as set out in the Companies Act, 2013 read with the Schedules and Rules thereunder.

The Company has a Whistle Blower Policy and that no personnel have been denied access to the Audit Committee.

In the preparation of financial statements, the Company has followed the Accounting Standards notified pursuant to Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act.

Pursuant to the exit order issued by the Securities and Exchanges Board of India (SEBI), the Madras Stock Exchange Limited does not exist as a Stock Exchange. Accordingly the Company's shares are delisted from the Madras Stock Exchange Limited. Your shares will continue to be traded in the BSE Limited.

The Company has fully complied with the applicable mandatory requirements of Clause 49 of the Listing Agreement.

## 8. Annual General Meetings

Location and time of last 3 Annual General Meetings were:

Year	GM	Location	Date	Time
2013-2014	AGM	D-11/12, Industrial Est. Maraimalai Nagar - 603 209	31.07.2014	10.15 a.m
2012-2013	AGM	D-11/12, Industrial Est. Maraimalai Nagar - 603 209	29.07.2013	10.15 a.m
2011-2012	AGM	"The Music Academy" 168, TTK Road, Chennai 600 014	26.07.2012	3.15 p.m

Special Resolutions were passed at the above meetings as per the individual notice sent for each meeting. Special Resolutions are placed before the members at this meeting

## 9. Postal Ballot

No Special Resolutions were required to be put through Postal Ballot this year. In addition to the e-Voting, members were given the option for voting through ballot process at the 23<sup>rd</sup> AGM held on 31.07.2014.

## 10. Quarterly Results

The quarterly results are published in "The Financial Express" (all editions) and Makkal Kural (all editions). The quarterly results are also posted on the Company's Website (www.iprings.com), periodically.

## 11. General Shareholder Information

<b>AGM: Date, Time and Venue</b>	30.07.2015 @ 10.15 a.m. D-11/12, Industrial Estate, Maraimalai Nagar - 603 209
<b>Financial Calendar</b>	April to March First Quarter Results - July Half Year - October Third Quarter- January Annual Results - May
<b>Date of Book Closure</b>	23.07.2015 to 30.07.2015 (both days inclusive)
<b>Listing</b>	BSE Limited (BSE), Mumbai
<b>Stock Code</b>	523638
<b>ISIN</b>	INE 558 A01019

#### Shareholding Pattern

Category	No. of Shares held	% to Capital
Promoters	36,49,832	51.83
Mutual Funds & UTI	200	0.00
Banks, FIs, Insurance Cos.	2,15,347	3.06
Private Bodies Corporate	8,28,796	11.77
Indian Public	16,39,423	23.29
NRI's / OCB's	4,349	0.06
Foreign Collaborators	7,04,200	9.99
<b>Total</b>	<b>70,42,147</b>	<b>100.00</b>

#### Share Price Performance in comparison to broad based indices – BSE Sensex

Month	IPRL (BSE)		BSE Sensex	
	LOW (₹)	HIGH (₹)	LOW	HIGH
April 2014	37.65	43.45	22197.51	22939.31
May 2014	38.10	52.50	22277.04	25375.63
June 2014	44.00	54.40	24270.20	25725.12
July 2014	52.05	62.45	24892.00	26300.17
August 2014	50.20	65.70	25232.82	26674.38
September 2014	53.00	96.55	26220.49	27354.99
October 2014	62.15	78.00	25910.77	27894.32
November 2014	72.00	115.00	27739.56	28822.37
December 2014	79.80	107.00	26469.42	28809.64
January 2015	90.10	149.50	26776.12	29844.16
February 2015	68.55	128.85	28044.49	29560.32
March 2015	74.00	98.90	27248.45	30024.74

#### Share Transfer Agents

BTS Consultancy Services Pvt. Ltd.  
First Floor, M S Complex, Plot No. 8, Sastri Nagar  
Nr. 200 Feet Road RTO, Kolathur, Chennai - 600 099  
Phone Nos. 044 – 2556 5121 Fax 044 – 2556 5131  
E-mail: helpdesk@btsindia.co.in

#### Share Transfer System

A Separate Share Transfer Committee has been delegated the responsibility of approving transfer and transmission of shares and other related matters. The committee in general meets once in a fortnight. All Share Transfers are completed within the statutory time limit, provided the documents meet the stipulations of statutory provisions in all aspects.

#### Dematerialisation of Shares

87.02% of the Paid up Capital has been dematerialised as on 31.03.2015.

#### Plant Location

D-11/12, Industrial Estate, Maraimalainagar - 603 209  
Tel: 044 - 2745 2816 / 2745 2851  
E-mail: iprmmn@iprings.com

#### Address for Correspondence

D-11/12, Industrial Estate, Maraimalainagar - 603 209  
Tel: 044 - 2745 2816 / 2745 2851  
E-mail: iprmmn@iprings.com

#### E-mail for Investors

investor@iprings.com

#### NON-MANDATORY REQUIREMENTS

- The Company does not maintain a separate Chairman's Office
- The half yearly results of the Company are published in an English Daily having a wide circulation and in a Tamil Daily. The results are not sent to the shareholders individually. However, the Company is displaying the financial results in its web site.
- The internal auditors report to the Audit Committee.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Industry Structure & Developments:

As the Indian auto components industry treads a difficult path through an uncertain near term future - operational excellence, scenario planning and risk management are poised to become the key arsenal for success. However the long term prospects of the industry are definitely perceived as a huge opportunity area. The growth can be attributed to factors such as strong buoyancy in the end-user industry, recovery of the global economy, improved consumer sentiment and return of adequate liquidity in the financial system. The industry currently accounts for almost seven per cent of India's gross domestic product (GDP) and employs about 19 million people, both directly and indirectly. The ever-increasing development in infrastructure, big domestic market, increasing purchasing power and stable government framework have made India a favourable destination for investment, as per the vision of Automotive Mission Plan (AMP) 2006–2016. According to a report by the Confederation of Indian Industry (CII), the Indian auto component industry is set to become the third largest in the world by 2025. Also, by that time, newer verticals and opportunities for component manufacturers will open up as the automobile market will shift towards electric, electronic and hybrid cars and newer technologies will have to be adopted via systematic research and development.

### Opportunities and Threats:

The vision of Automotive Mission Plan (AMP) 2006-2016 - To emerge as the destination of choice in the world for design and manufacture of automobiles and auto components with output reaching a level of US\$ 145 billion accounting for more than 10% of the GDP and providing additional employment to 25 million people by 2016, sounds for huge opportunities ahead. The Make in India program includes major new initiatives designed to facilitate investment, foster innovation, protect intellectual property, and build best-in class manufacturing infrastructure.

High cost of capital, rising interest cost, thinner margin, scaling infrastructure & input cost, counterfeit parts, currency fluctuations pose concerns to your Company.

Your Company is confident to tone down the current challenges by developing continuous sustainable strategies and adopting new skill sets.

### Segment-wise Product Performance:

The Company's products are all auto components and come under the single product segment.

### Outlook:

Despite the slowdown in the industry during the last three years, the outlook for the future appears to be promising. It is hoped and expected that the Union Government will provide impetus to the manufacturing sector particularly the Automobile and the Auto Component Industry.

For your Company, continued quality improvement, cost differentiation, indigenous procurement, innovative technology, newer markets, value engineering and management systems – all these elements will contribute in the years to come. IPRL has carefully read the situation and is poised to strengthen its position in the market.

### Risks and Concerns:

The risks and concerns of the Indian auto component industry are closely linked with stiff overseas competition, uncertainty arising from currency volatility, low-priced imports and spurious parts. The industry efforts to mitigate the above risks along with policy measures of the government would determine the impact of the above risks on the industry going forward.

### Internal Control Systems:

Your company maintains an adequate and effective internal control system to commensurate with its size and complexity. An Independent Internal Audit function is an important element of your Company's internal control system. The internal control system is supplemented through an extensive internal audit program and periodic review by management and audit committee.

### Financial Performance:

Your Company though ended the year with a loss; it had improved in terms of performance by bringing down the loss to Rs.115.29 Lakhs for the year 2013-14, while compared to Rs. 361.63 Lakhs recorded in the previous year. All the three divisions of the Company i.e. Rings Division, Transmission Components Division and Tooling Division contributed to the overall results.

### Human Resource:

Health, Safety, Security and environment is a core value of your Company. The health, safety and security of everyone who works for your Company, is critical to the success of its business. Employee training is continuing to receive top priority in the Management's efforts to reach World Class Standards. Systematic training is given at all levels to improve the knowledge and skill level of all employees. There are 254 permanent employees in the Company.

### Corporate Social Responsibility:

Section 135 of the Companies Act, 2013 is not applicable to the Company. However, IP Rings is continuing its contributions towards corporate social responsibility in contributing to Single Teacher School movement.

## **SECRETARIAL AUDIT REPORT**

(For the Financial year ended on March 31, 2015 )

[Pursuant to Section 204(1) of the Companies Act, 2013 and

Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members  
IP Rings Limited  
D 11-12, Industrial Estate, Maraimalai Nagar,  
Kancheepuram District – 603209.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by IP Rings Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon. Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by IP Rings Limited (**"The Company"**) for the period ended on March 31, 2015 according to the provisions of:
  - I. The Companies Act, 1956 and the Rules made thereunder to the extent they were in force during the period under report and the provisions of the Companies Act, 2013 to the extent notified by Ministry of Corporate Affairs
  - II. The Securities Contracts (Regulation) Act, 1956 (**'SCRA'**) and the Rules made thereunder;
  - III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - IV. Foreign Exchange Management Act, 1999 (**'FEMA'**) and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (**'SEBI Act'**) to the extent applicable to the Company :-
    - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
    - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
    - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
    - (e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
    - (f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

We have also examined compliance with the applicable clauses of the following:

The Listing Agreement entered into by the Company with the Madras Stock Exchange Limited and the BSE Limited.

During the period under review the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, Listing Agreements etc mentioned above, to the extent applicable,

2. We further report that based on the information received and records maintained there are adequate systems and processes in place to monitor and ensure compliance with the below mentioned laws and also all other applicable laws, rules, regulations and guidelines.
  - (a) Factories Act, 1948
  - (b) Payment Of Wages Act, 1936, and rules made thereunder,
  - (c) The Minimum Wages Act, 1948, and rules made thereunder,
  - (d) Employees' State Insurance Act, 1948, and rules made thereunder,
  - (e) The Employees' Provident Fund and Miscellaneous Provisions Act, 1952, and rules made thereunder,

- (f) The Payment of Bonus Act, 1965, and rules made thereunder,
  - (g) Payment of Gratuity Act, 1972, and rules made thereunder,
  - (h) The Water (Prevention & Control of Pollution) Act, 1974, Read with Water (Prevention & Control of Pollution) Rules, 1975.
  - (i) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal ) Act, 2013
3. We further report that the Company has, in our opinion, complied with the provisions of the Companies Act, 1956 and the Rules made thereunder to the extent they were in force during the period under report and the provisions of Companies Act, 2013 to the extent notified by the Ministry of Corporate Affairs with regard to:
- (a) maintenance of various statutory registers and documents and making necessary entries therein;
  - (b) closure of the Register of Members;
  - (c) filing of forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;
  - (d) service of documents by the Company on its Members, Auditors and the Registrar of Companies;
  - (e) issuing notice of Board meetings and Committee meetings of Directors;
  - (f) proceedings at the meetings of Directors and Committees of Directors including passing of resolutions by circulation;
  - (g) the conduct of the 23<sup>rd</sup> Annual General Meeting held on 31<sup>st</sup> July, 2014;
  - (h) maintenance of minutes of proceedings of General Meetings and of the Board and its Committee meetings;
  - (i) approvals of the Members, the Board of Directors, the Committees of Directors and the government authorities, wherever required;
  - (j) constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and reappointment of Directors including the Managing Director and Whole-time Directors;
  - (k) payment of remuneration to Directors including the Managing Director and Whole-time Directors,
  - (l) appointment and remuneration of Statutory Auditors and Cost Auditors;
  - (m) transfers and transmissions of the Company's shares and issue and dispatch of duplicate certificates of shares;
  - (n) declaration and payment of dividends;
  - (o) transfer of certain amounts to the Investor Education and Protection Fund and uploading of details of unpaid and unclaimed dividends on the websites of the Company and the Ministry of Corporate Affairs;
  - (p) borrowings and registration, modification and satisfaction of charges wherever applicable;
  - (q) investment of the Company's funds including investments and loans to others;
  - (r) form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in the Act;
  - (s) Directors' report to the shareholders;
  - (t) contracts, common seal, registered office and publication of name of the Company; and
  - (u) Generally, all other applicable provisions of the Companies Act, 1956 and the Rules made thereunder to the extent they were in force during the period under report and the provisions of Companies Act, 2013 to the extent notified by the Ministry of Corporate Affairs.

**4. We further report that**

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Notice of all the Board meetings was given to all the Directors, alongwith agenda and detailed notes on agenda atleast seven days in advance and a proper system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting to enable meaningful participation at the meeting.
- Majority decisions were carried through and a proper system exists for capturing and recording the dissenting members' views as part of the minutes.
- The Company has obtained all necessary approvals under the various provisions of the Companies Act, 1956 and the Companies Act, 2013 to the extent applicable; and

- There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Companies Act, 1956, the Companies Act, 2013, SEBI Act, SCRA, Depositories Act, 1996, FEMA, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.
  - The Directors have complied with the disclosure requirements in respect of their eligibility for appointment, their independence, wherever applicable and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;
5. The Company has complied with the provisions of the Securities Contracts (Regulation) Act, 1956 and the Rules made under that Act.
  6. We further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Byelaws framed thereunder by the Depositories with regard to dematerialization / rematerialisation of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.
  7. The Company has complied with the provisions of the FEMA, 1999 and the Rules and Regulations made under that Act to the extent applicable with respect to Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
  8. The Company has complied with the requirements under the Equity Listing Agreements entered into with the BSE Limited and The Madras Stock Exchange Limited;
  9. The Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
  10. The Company has complied with the provisions of The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.
  11. The Company has complied with the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

We further report that based on the information received and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

Place : CHENNAI  
Date : 13.05.2015

For L K & Associates  
Company Secretaries  
LALITHA KANNAN  
C.P. 1894

#### **‘ANNEXURE A’**

**Our report of even date is to be read along with this letter.**

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place : CHENNAI  
Date : 13.05.2015

For L K & Associates  
Company Secretaries  
LALITHA KANNAN  
C.P. 1894

## **INDEPENDENT AUDITORS' REPORT**

### **To the Members of IP Rings Limited**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of **IP Rings Limited** which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### **Management's Responsibility for Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its loss and its cash flows for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer Note 20 of the financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
  - iii. There were no amounts which were required to be transferred to the investor education and protection fund by the Company.

**For R G N Price & Co.,  
Chartered Accountants  
Firm Regn. No. 002785S**

Chennai  
27.05.2015

**Mahesh Krishnan  
Partner  
Membership No. 206520**

**Annexure referred to in paragraph 1 under “Report on other legal and Regulatory Requirements” section of our report of even date to the members of IP Rings Limited.**

- I. (a) The Company has maintained proper records for its fixed assets showing full particulars including quantitative details and situation of those Assets.
- (b) The Company has a policy of physically verifying its fixed assets once in two years which in our opinion is reasonable having regard to the size of the Company and its business. During the year 2014-15 fixed assets have been physically verified by the management. According to the information and explanation given to us no material discrepancies were noticed on such verification.
- II. (a) Physical verification of inventory has been conducted by the management at reasonable intervals.
- (b) The procedures for physical verification of inventory followed by the management are in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification were not material as compared to book records and have been properly dealt with in the books of accounts.
- III. The Company has not granted any loans to the parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- IV. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- V. The Company has not accepted any deposits under Sec. 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Rules framed there under.
- VI. We have broadly reviewed the cost records maintained by the Company pursuant to The Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under section 148 (1) of Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been maintained. We have however, not made the detailed examination of the cost records with a view to determine whether they are accurate or complete.
- VII. (a) The company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities during the year. There were no undisputed amounts payable in respect of the above dues which are in arrears as at 31<sup>st</sup> March 2015 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no disputed amounts that remain unpaid in respect of wealth tax or sales tax or customs duty or excise duty or service tax, value added tax or cess as at 31<sup>st</sup> March 2015. However, in respect of Income Tax, disputed amounts that remain unpaid are given below:

<b>Applicable Statute</b>	<b>Assessment Year</b>	<b>Amount Involved (₹ in Lakhs)</b>	<b>Forum where dispute is pending</b>
Income Tax Act, 1961	1997-1998	2.46	Appellate Tribunal
Income Tax Act, 1961	1999-2000	38.00	High Court
Income Tax Act, 1961	2000-2001	11.36	High Court
Income Tax Act, 1961	2001-2002	4.75	High Court
Income Tax Act, 1961	2002-2003	6.61	High Court
Income Tax Act, 1961	2003-2004	6.05	High Court
Income Tax Act, 1961	2004-2005	41.98	High Court
Income Tax Act, 1961	2005-2006	3.73	High Court
Income Tax Act, 1961	2006-2007	5.03	Commissioner (Appeals)
Income Tax Act, 1961	2008-2009	18.32	High Court
Income Tax Act, 1961	2009-2010	32.81	Appellate Tribunal
Income Tax Act, 1961	2010-2011	116.18	Appellate Tribunal
Income Tax Act, 1961	2011-2012	128.84	Appellate Tribunal
	<b>Total</b>	<b>416.12</b>	

- (c) The amounts required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 2013 and Rules made there under have been transferred to such fund within time.
- VIII The Company has no accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- IX The Company has not defaulted in repayment of any dues to any financial institution or banks during the year. The Company has not issued any debentures.
- X According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- XI As per our verification of books and records and explanations given to us, the term loans availed by the Company were applied for the purpose for which such loans have been obtained.
- XII According to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

Chennai  
27.05.2015

**For R G N Price & Co.,  
Chartered Accountants  
Firm Regn. No. 002785S**

**Mahesh Krishnan  
Partner  
Membership No. 206520**

## PART - I BALANCE SHEET AS AT 31ST MARCH 2015

	Note No.	March 31, 2015 ₹	March 31, 2014 ₹
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
(a) Share capital	1	7,04,21,470	7,04,21,470
(b) Reserves and surplus	2	33,45,92,661	34,26,25,973
<b>2. Non-current liabilities</b>			
(a) Long-term borrowings	3	20,84,13,665	19,90,08,780
(b) Deferred tax liabilities (Net)	4	77,75,782	1,58,71,607
(c) Long-term provisions	6	54,13,274	44,68,069
<b>3. Current liabilities</b>			
(a) Short-term borrowings	3	33,81,97,906	29,16,07,624
(b) Trade payables	5	13,41,64,263	11,63,48,311
(c) Other current liabilities	5	18,80,87,710	15,22,84,968
(d) Short-term provisions	6	5,10,896	4,16,845
<b>TOTAL</b>		<b>128,75,77,627</b>	<b>119,30,53,647</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets	7		
Tangible assets		67,04,19,935	66,41,90,064
Intangible assets		1,41,90,235	1,67,26,519
Capital work-in-progress		2,53,997	2,85,94,431
Intangible assets under development		23,20,276	—
(b) Non-current investments	8	4,41,830	4,41,830
(c) Long-term loans and advances	12	2,30,18,180	1,73,76,483
<b>Current assets</b>			
(a) Inventories	9	24,98,88,907	20,25,60,091
(b) Trade receivables	10	24,35,20,654	18,67,93,821
(c) Cash and cash equivalents	11	1,25,36,423	75,50,654
(d) Short-term loans and advances	12	7,09,87,190	6,88,19,754
<b>TOTAL</b>		<b>128,75,77,627</b>	<b>119,30,53,647</b>
<b>Significant Accounting Policies</b>	19		
<b>Notes on Accounts</b>	20		

The Notes 1 to 12 and 19 & 20 form an integral part of the Balance Sheet

This is the Balance Sheet referred to in our Report of even date

R. VENKATARAMAN  
Chief Financial Officer

A. VENKATARAMANI  
Managing Director

For R.G.N. PRICE & CO  
Chartered Accountants  
Firm Regn. No. 002785S

S PRIYAMVATHA  
Company Secretary

N. VENKATARAMANI  
P. M. VENKATASUBRAMANIAN  
Directors

MAHESH KRISHNAN  
Partner  
Membership No. 206520

Chennai  
27.05.2015

**PART-II – STATEMENT OF PROFIT AND LOSS**

		<b>For the year ended</b>	<b>For the year ended</b>
	<b>Note No.</b>	<b>March 31, 2015</b>	<b>March 31, 2014</b>
		<b>₹</b>	<b>₹</b>
<b>I. Sales</b>	<b>13</b>	<b>112,61,53,770</b>	<b>94,88,35,924</b>
Less: Excise Duty		<b>11,32,74,001</b>	<b>10,14,66,843</b>
Net Sales		<b>101,28,79,769</b>	<b>84,73,69,081</b>
<b>II. Other income</b>	<b>14</b>	<b>49,19,057</b>	<b>6,28,177</b>
<b>III. Total Revenue (I + II)</b>		<b>101,77,98,826</b>	<b>84,79,97,258</b>
<b>IV. Expenses:</b>			
Cost of materials consumed	<b>15</b>	<b>33,39,17,283</b>	<b>32,19,59,479</b>
Employee benefits expense	<b>16</b>	<b>17,20,24,317</b>	<b>13,52,37,918</b>
Finance costs	<b>17</b>	<b>7,74,64,265</b>	<b>6,47,43,075</b>
Depreciation and amortization expense		<b>6,71,12,426</b>	<b>6,91,09,784</b>
Other expenses	<b>18</b>	<b>37,88,09,506</b>	<b>29,31,09,971</b>
<b>Total expenses</b>		<b>102,93,27,797</b>	<b>88,41,60,227</b>
<b>V. Profit before tax (III- IV)</b>		<b>(1,15,28,971)</b>	<b>(3,61,62,969)</b>
<b>VI. Tax expense:</b>			
Deferred tax		<b>(66,74,374)</b>	<b>(86,06,608)</b>
<b>VII. Profit (Loss) for the period from continuing operations (V-VI)</b>		<b>(48,54,597)</b>	<b>(2,75,56,361)</b>
<b>VIII Earnings per Equity Share:</b>			
Basic & Diluted		<b>(0.69)</b>	<b>(3.91)</b>
Nominal Value Per Equity Share (in Rs.)		<b>10.00</b>	<b>10.00</b>
See accompanying notes to the financial statements			
<b>Significant Accounting Policies</b>	<b>19</b>		
<b>Notes on Accounts</b>	<b>20</b>		

The Notes 13 to 18 and 19 & 20 form an integral part of the Statement of Profit and Loss

This is the Statement of Profit and Loss referred to in our Report of even date

R. VENKATARAMAN  
Chief Financial Officer

A. VENKATARAMANI  
Managing Director

For R.G.N. PRICE & CO  
Chartered Accountants  
Firm Regn. No. 002785S

S PRIYAMVATHA  
Company Secretary

N. VENKATARAMANI  
P. M. VENKATASUBRAMANIAN  
Directors

MAHESH KRISHNAN  
Partner  
Membership No. 206520

Chennai  
27.05.2015

## NOTES TO BALANCE SHEET

	As at March 31, 2015 ₹	As at March 31, 2014 ₹
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### 1. SHARE CAPITAL

#### i) Authorised

1,50,00,000 Equity Shares of ₹ 10 each	15,00,00,000	15,00,00,000
50,00,000 Preference Shares of ₹ 10 each	5,00,00,000	5,00,00,000
	<b>20,00,00,000</b>	<b>20,00,00,000</b>

	In Numbers		₹	
	As at Mar 31, 2015	As at Mar 31, 2014	As at Mar 31, 2015	As at Mar 31, 2014
Issued, Subscribed & Paid - up Equity Shares of ₹ 10 each fully paid up	70,42,147	70,42,147	7,04,21,470	7,04,21,470
<b>Total</b>	<b>70,42,147</b>	<b>70,42,147</b>	<b>7,04,21,470</b>	<b>7,04,21,470</b>

#### ii) Details of Equity shares in the company held by its holding company including shares held by subsidiaries or associates of the holding company in aggregate

Shareholder- Relationship	Mar 31, 2015		Mar 31, 2014	
	No. of Shares	%	No. of Shares	%
India Pistons Ltd.- Fellow subsidiary	20,78,862	30	20,78,862	30
Tractor & Farm Equipment Limited – Fellow Subsidiary	7,78,440	11	7,78,440	11
Simpson & Co. Ltd. – Fellow Subsidiary	4,05,930	6	4,05,930	6
Amalgamations Pvt. Ltd. – Holding Company	3,84,100	5	3,84,100	5
The United Nilgiri Tea Estates Co. Ltd.	2,000	0	2,000	0
Higginbothams Private Ltd.- Fellow Subsidiary	500	0	500	0

#### iii) Details of Member holding more than 5 percent shares

##### Shareholder

India Pistons Ltd.	20,78,862	30	20,78,862	30
Tractor & Farm Equipment Limited	7,78,440	11	7,78,440	11
Simpson & Co., Ltd.	4,05,930	6	4,05,930	6
Amalgamations Pvt. Ltd.	3,84,100	5	3,84,100	5
Nippon Piston Ring Co., Ltd.	7,04,200	10	7,04,200	10
Enam Shares & Securities Pvt. Ltd.	5,01,625	7	5,01,625	7

#### iv) Directors share holding

##### Name of Director

Mr N Venkataramani	24,050	0.34	24,050	0.34
Mr A Venkataramani	18,400	0.26	18,400	0.26
Dr R Mahadevan*	600	–	600	–

\*Negligible shareholding percentage

**NOTES TO BALANCE SHEET – (Contd.)**

	As at March 31, 2015 ₹	As at March 31, 2014 ₹
<b>2. RESERVES AND SURPLUS</b>		
<b>(a) Securities Premium Reserve</b>		
Balance as per last Balance Sheet	10,54,28,400	10,54,28,400
	<u>10,54,28,400</u>	<u>10,54,28,400</u>
<b>(b) General Reserve</b>		
Balance as per last Balance Sheet	30,15,26,723	30,15,26,723
	<u>30,15,26,723</u>	<u>30,15,26,723</u>
<b>(c) Profit and Loss Account</b>		
Balance as per last Balance Sheet	(6,43,29,150)	(3,67,72,789)
Add : Loss carried forward from statement of profit and loss	(48,54,597)	(2,75,56,361)
Less: Adjustment on account of fixed assets	(31,78,715)	–
	<u>(7,23,62,462)</u>	<u>(6,43,29,150)</u>
	<u>33,45,92,661</u>	<u>34,26,25,973</u>
<b>3. BORROWINGS</b>		
<b>Long Term Borrowings</b>		
<b>Secured Loans</b>		
Term Loans		
– From Banks	12,04,10,436	13,98,86,690
– From Other Parties	4,55,03,229	16,22,090
Total Secured Loans	<u>16,59,13,665</u>	<u>14,15,08,780</u>
<b>Unsecured Loans</b>		
Term Loans		
– From Banks	4,25,00,000	5,75,00,000
Total Unsecured Loans	<u>4,25,00,000</u>	<u>5,75,00,000</u>
	<u>20,84,13,665</u>	<u>19,90,08,780</u>
<b>I. Security offered</b>		
(a) The term loans are all availed for purchase of assets relating to Capital Projects and are secured by hypothecation of specific assets purchased out of the said loan.		
(b) The Loans availed for purchase of Vehicles are secured by hypothecation of vehicles purchased out of the said loan.		
(c) Unsecured Term Loan from KVB.		
(d) Loan taken from other parties for working capital secured by hypothecation of specific asset.		
<b>II. Terms of Repayment</b>		
<b>Loan Description</b>	<b>Repayment Terms</b>	
(a) Buyers Credit Term loan	Yearly instalment	
(b) Term Loans - Banks	Quarterly instalment	
(c) Term Loans - Other parties	Monthly instalment	
(d) Unsecured Term Loan from Bank	Monthly instalment	
<b>Short Term Borrowings</b>		
<b>Secured Loans</b>		
Loans repayable on demand		
– From Banks	21,81,97,906	18,36,07,624
Total Secured Loans	<u>21,81,97,906</u>	<u>18,36,07,624</u>
<b>Unsecured Loans</b>		
Loans and advances from Related Parties		
– Fellow Subsidiary	12,00,00,000	10,80,00,000
Total Unsecured Loans	<u>12,00,00,000</u>	<u>10,80,00,000</u>
	<u>33,81,97,906</u>	<u>29,16,07,624</u>

Secured loans are secured by hypothecation of stocks and book debts present and future.

## NOTES TO BALANCE SHEET – (Contd.)

	As at March 31, 2015 ₹	As at March 31, 2014 ₹
<b>4. DEFERRED TAX (ASSET) / LIABILITY</b>		
<b>Deferred Tax Asset:</b>		
Unabsorbed depreciation & Business loss	(7,39,18,734)	(6,26,78,142)
Expenses allowable on payment	(20,51,667)	(15,60,701)
	<u>(7,59,70,401)</u>	<u>(6,42,38,843)</u>
<b>Deferred Tax Liability:</b>		
Fixed Assets (Depreciation / Amortization)	8,37,46,183	8,01,10,450
<b>Net Deferred Tax Liability / (Asset)</b>	<u>77,75,782</u>	<u>1,58,71,607</u>
The Company has recognised deferred tax asset for Unabsorbed depreciation and business loss based on a strong future order book, cost reduction and improved profitability.		
<b>5. SHORT TERM LIABILITIES</b>		
<b>Trade Payables</b>		
Trade Payables	13,01,52,844	11,36,83,123
Trade Payables to Micro, Small & Medium Enterprises	40,11,419	26,65,188
	<u>13,41,64,263</u>	<u>11,63,48,311</u>
<b>Other Liabilities</b>		
Acceptances	1,27,26,683	2,12,24,869
Interest accrued but not due on borrowings	14,06,850	17,66,546
Unpaid dividends	11,33,538	14,01,546
Other payables	1,15,57,198	1,33,10,069
Bank overdraft	1,71,72,693	1,72,56,288
Statutory payments	2,57,60,147	77,75,159
Current Maturities of Long term Debt		
– From Banks	10,21,99,164	8,83,32,883
– From Other Parties	1,61,31,437	12,17,608
	<u>18,80,87,710</u>	<u>15,22,84,968</u>
<b>6. PROVISIONS</b>		
<b>Long Term Provisions</b>		
Provision for Employee benefits		
Leave Salary	54,13,274	44,68,069
	<u>54,13,274</u>	<u>44,68,069</u>
<b>Short Term Provisions</b>		
Provision for Employee benefits		
Leave Salary	5,10,896	4,16,845
	<u>5,10,896</u>	<u>4,16,845</u>

**NOTES TO BALANCE SHEET – (Contd.)**

7. FIXED ASSETS	GROSS BLOCK			DEPRECIATION/AMORTIZATION				NET BLOCK	
	As at 01.04.2014 ₹	Additions/ (Disposals) during the year ₹	As at 31.03.2015 ₹	Upto 31.03.2014 ₹	Adjustment for the Year ₹	Depreciation for the Year ₹	Upto 31.03.2015 ₹	As at 31.03.2015 ₹	As at 31.03.2014 ₹
<b>Tangible Assets</b>									
Land – Leasehold	13,23,080	–	13,23,080	–	–	–	–	13,23,080	13,23,080
– Freehold	19,16,525	–	19,16,525	–	–	–	–	19,16,525	19,16,525
Buildings – Owned	11,47,52,307	41,44,709	11,88,97,016	3,37,86,345	1,90,820	35,98,176	3,75,75,341	8,13,21,675	8,09,65,962
Plant & Machinery	110,29,25,634	6,08,15,603	116,37,41,237	56,73,93,311	1,88,495	4,79,24,029	61,55,05,835	54,82,35,402	53,55,32,323
Electrical Installations	3,79,46,412	13,40,320	3,92,86,732	1,42,55,792	17,39,764	38,71,218	1,98,66,774	1,94,19,958	2,36,90,620
Furniture & Fixtures	1,06,53,093	6,62,497	1,13,15,590	81,92,738	4,20,536	6,58,142	92,71,416	20,44,174	24,60,355
Vehicles	1,64,88,049	12,21,545 (7,16,275)	1,69,93,319	53,30,154	4,38,288	18,07,451	75,75,893 (3,06,421)	97,23,847	1,11,57,895
Office Equipment	5,13,87,141	46,31,358	5,60,18,499	4,42,43,837	16,22,263	37,17,125	4,95,83,225	64,35,274	71,43,304
Previous Year	133,73,92,241	7,20,99,757	140,94,91,998	67,32,02,177	46,00,166	6,15,76,141	73,90,72,063	67,04,19,935	66,41,90,064
	125,05,39,655	8,68,52,586	133,73,92,241	60,95,95,530	–	6,47,68,950	67,32,02,177	66,41,90,064	–
<b>Intangible Assets</b>									
Technical Knowhow Fee	4,03,76,578	–	4,03,76,578	2,42,55,185	–	49,67,100	2,92,22,285	1,11,54,293	1,61,21,393
Product Development	1,09,29,720	30,00,001	1,39,29,721	1,03,24,594	–	5,69,185	1,08,93,779	30,35,942	6,05,126
	5,13,06,298	30,00,001	5,43,06,299	3,45,79,779	–	55,36,285	4,01,16,064	1,41,90,235	1,67,26,519
Previous Year	4,33,06,298	80,00,000	5,13,06,298	3,02,38,945	–	43,40,834	3,45,79,779	1,67,26,519	1,30,67,353
<b>Total Tangible and Intangible</b>	138,86,98,539	7,50,99,758	146,37,98,297	70,77,81,956	46,00,166	6,71,12,426	77,91,88,127	68,46,10,170	68,09,16,583
Capital Work - in - Progress								2,53,997	2,85,94,431
Intangible assets under development								23,20,276	–
								68,71,84,443	70,95,11,014

## NOTES TO BALANCE SHEET – (Contd.)

	As at March 31, 2015 ₹	As at March 31, 2014 ₹
<b>8. INVESTMENTS</b>		
<b>Investments</b>		
(a) <b>Quoted at Cost</b>		
(i) other non current investments		
5,500 equity shares of ₹. 2 each fully paid in Corporation Bank	88,000	88,000
(b) <b>Unquoted</b>		
<b>Non Trade</b>		
35,383 equity shares of ₹. 10 each fully paid in Windage Power Co. Private Limited	3,53,830	3,53,830
	<b>4,41,830</b>	<b>4,41,830</b>

Note : Market Value of the quoted investment is ₹. 2.89 lakhs  
and last year was ₹. 3.05 lakhs

<b>9. Inventories</b>		
(a) Raw materials	8,67,25,005	8,79,04,479
Raw Material – In transit	21,71,583	44,83,793
	<b>8,88,96,588</b>	<b>9,23,88,272</b>
(b) Work-in-progress	6,14,16,800	3,89,63,066
(c) Finished goods	4,71,14,900	2,32,11,486
(d) Stores and spares	4,02,03,120	3,76,12,260
(e) Loose tools	1,22,57,499	1,03,85,007
	<b>24,98,88,907</b>	<b>20,25,60,091</b>

### MODE OF VALUATION

Type of Inventory	Valuation		
Raw Materials	At Cost on Weighted Average Basis		
Work-in-Progress	At Lower of the Cost and Net Realisable Value		
Finished Goods	At Lower of the Cost and Net Realisable Value and includes Excise Duty.		
Stores and Spares	At Cost on Weighted Average Basis.		
General Purpose Tooling	At Cost on Weighted Average Basis.		
Special Purpose Tooling	Amortised over a period of 3 years		
Goods - in Transit	At Cost		
Goods under Bond	At Cost including Customs Duty		
Value of Closing Inventories includes Excise Duty with regard to the following items		₹ in Lakhs	
Finished Goods at Factory	30.01		21.05
Finished Goods at Depots	13.03		5.15

The inclusion of Excise duty in closing inventories does not have any  
impact on the Profit for the Year

**NOTES TO BALANCE SHEET – (Contd.)**

	As at March 31, 2015 ₹.	As at March 31, 2014 ₹.
<b>10. TRADE RECEIVABLES</b>		
<b>Unsecured considered good</b>		
– Receivables outstanding for more than six months	2,30,51,680	1,51,85,443
– Receivables outstanding for Less than six months	22,04,68,974	17,16,08,378
	<u>24,35,20,654</u>	<u>18,67,93,821</u>
<b>11. Cash and cash equivalents</b>		
<b>Cash on hand</b>	72,118	31,735
<b>Bank Balances</b>		
(a) Balances with banks:		
– in current accounts	1,13,30,767	61,17,373
– in dividend accounts	11,33,538	14,01,546
	<u>1,25,36,423</u>	<u>75,50,654</u>
<b>12. Loans and advances</b>		
<b>Short term Loans &amp; Advances</b>		
<b>Unsecured, considered good</b>		
(a) Security Deposits		
– Lease Rent Deposits	22,11,000	22,83,500
– Other Deposits	49,31,383	34,06,177
(b) Loans and advances to Related Parties		
– Advance given to Fellow Subsidiary	–	13,14,000
(c) Other loans and advances		
– Prepaid expenses	51,67,214	48,92,556
– Service tax	9,12,765	25,89,099
– Central Excise	1,14,34,609	1,10,30,921
– Advance tax and tax deducted at source (net)	2,99,05,313	2,12,07,003
– Other advances recoverable in cash or in kind or for value to be received	1,64,24,906	2,20,96,498
	<u>7,09,87,190</u>	<u>6,88,19,754</u>
<b>Doubtful</b>		
(a) Other loans and advances	16,81,000	16,81,000
Less:		
Provision for Doubtful Advances	16,81,000	16,81,000
	<u>7,09,87,190</u>	<u>6,88,19,754</u>
<b>Long term Loans &amp; Advances</b>		
<b>Unsecured, considered good</b>		
(a) Capital Advances	2,25,62,190	1,69,20,493
(b) Other loans and advances		
– MAT credit receivable	4,55,990	4,55,990
	<u>2,30,18,180</u>	<u>1,73,76,483</u>

## NOTES TO PROFIT & LOSS ACCOUNT – (Contd.)

	For the year ended March 31, 2015 ₹.	For the year ended March 31, 2014 ₹.
<b>13. REVENUE FROM OPERATIONS</b>		
Rings Sales	57,85,96,319	49,41,23,646
OCF Sales	39,12,30,963	29,75,05,493
Piston Pin Sales	88,76,730	2,39,92,412
Sale of Scrap	1,04,69,630	41,93,923
Revenue from sub contract	4,86,62,264	6,89,82,327
Tooling	8,43,00,133	5,61,33,613
Others	40,17,731	39,04,510
Less: Excise Duty	11,32,74,001	10,14,66,843
	<b>101,28,79,769</b>	<b>84,73,69,081</b>
<b>14. OTHER INCOME</b>		
Interest income	36,210	43,967
Dividend income	2,475	25,850
Liabilities no longer required	38,08,566	15,270
Other non-operating income	10,71,806	5,43,090
	<b>49,19,057</b>	<b>6,28,177</b>
<b>15. COST OF MATERIAL CONSUMED</b>		
Opening Stock	8,79,04,479	7,31,14,180
Add: Purchases	37,98,46,765	34,42,28,525
Less: Closing Stock	8,67,25,005	8,79,04,479
	<b>38,10,26,239</b>	<b>32,94,38,226</b>
(Increase) / Decrease in Work-in-Progress	(2,24,53,734)	(31,65,266)
(Increase) / Decrease in Finished Goods	(2,39,03,414)	(63,15,329)
Exchange (Gain)/Loss	(7,51,808)	20,01,848
	<b>33,39,17,283</b>	<b>32,19,59,479</b>
<b>16. EMPLOYEE BENEFIT EXPENSES</b>		
Salaries and wages	13,60,88,934	10,72,44,487
Contribution to fund	1,10,49,786	77,70,574
Staff welfare expenses	2,13,49,817	1,54,79,857
Others (Reimbursement of Expenses for seconded Employees)	35,35,780	47,43,000
	<b>17,20,24,317</b>	<b>13,52,37,918</b>
<b>17. FINANCE COST</b>		
Interest expenses	7,36,63,393	6,13,44,425
Other borrowing costs	38,00,872	33,98,650
	<b>7,74,64,265</b>	<b>6,47,43,075</b>

**NOTES TO PROFIT & LOSS ACCOUNT – (Contd.)**

<b>18. OTHER EXPENSES</b>	<b>For the year ended March 31, 2015 ₹</b>	<b>For the year ended March 31, 2014 ₹</b>
Sub - Contracting Expenses	7,66,81,536	5,71,43,734
Power and Fuel	5,22,64,400	4,82,04,501
Stores Consumed	10,76,31,953	7,55,53,146
Rent	34,77,050	32,99,950
Rates and Taxes	32,46,487	21,93,799
Insurance	31,97,700	17,46,307
Travelling and Conveyance	1,77,89,884	1,31,40,528
Packing and Forwarding	1,21,43,732	83,61,075
Advertisement	5,73,547	3,38,257
Royalty	1,32,00,017	73,20,366
Service Fee	2,05,07,742	1,62,70,405
Consultation Fee	1,24,83,094	1,10,81,831
Directors' Sitting Fees	6,60,500	4,10,500
Payment to Auditors		
Statutory Audit Fee	4,35,000	3,85,000
Tax audit fees	90,000	90,000
Certification Fees(including taxation matters)	7,56,400	2,92,500
Reimbursement of Expenses	2,945	4,280
Repairs and Maintenance		
Buildings	40,55,011	27,69,925
Machinery & Electrical Installations	1,43,77,847	1,20,77,011
Vehicles	26,90,753	29,38,487
Operating Expenses - Computer System	41,35,215	35,21,067
Loss on Sale of Assets	2,66,997	9,70,152
Research and Development	28,47,774	37,31,271
Miscellaneous Expenses	2,52,93,922	2,12,65,879
	<b>37,88,09,506</b>	<b>29,31,09,971</b>

## **NOTES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT – (Contd.)**

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### **19. SIGNIFICANT ACCOUNTING POLICIES**

#### **1. Basis of Accounting**

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") including the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. The Financial Statements have been prepared on Accrual basis under the Historical Cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### **2. Use of Estimates**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

#### **3. Revenue Recognition**

Revenue is recognized as and when risks and rewards are passed on to the buyer. Service income is recognized as and when the services are performed. Interest income is accounted on accrual basis. Dividend income is recognized when the right to receive the same is established and where no significant uncertainty as to measurability or collectability exists.

#### **4. Fixed Assets**

- (a) Fixed Assets including Assets for Research and Development other than Land are accounted at Cost Less Depreciation and impairment loss, if any.
- (b) Assets acquired under Hire Purchase Agreements / Financial Lease Agreements are capitalized to the extent of their Principal Value, while Hire Charges / Finance charges on Lease are charged to revenue in the years in which they are payable.
- (c) Depreciation is provided on Straight Line Method in accordance with the Schedule II of the Companies Act, 2013 as amended from time to time. In respect of certain machines extended useful life of 30 years is adopted for claiming depreciation under Sch.II to Companies Act, 2013 based on technical justification obtained by the Company.
- (d) Application Software, Die and Core and New Product Development are amortised over a period of 3 years. Technical know-how fee is amortised over a period of 5 years.
- (e) Borrowing costs, if any are capitalized as part of qualifying fixed assets when it is probable that they will result in future economic benefits. Other borrowing costs are expensed.

#### **5. Investments**

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as Current Investments. All other investments are classified as Long-term investments.

Non-current investments are carried individually at cost less provision for diminution in value of such investments which is other than temporary in nature. Current investments are carried individually, at the lower of cost and fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties.

#### **6. Trade Receivables**

Trade Receivable amount is exclusive of the value of Bills Discounted, the liability for which is disclosed under "Contingent Liabilities."

#### **7. Excise Duty**

Excise Duty on goods manufactured is accounted only at the time of removal of goods from the factory except in respect of year-end inventory of finished goods, excise duty is included as part of inventory.

## **NOTES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT – (Contd.)**

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### **19. SIGNIFICANT ACCOUNTING POLICIES (Contd.....)**

#### **8. Foreign Currency Transactions**

- (a) All foreign currency transactions are recorded at the rates prevailing on the date of the transaction. At the year end, all foreign currency assets and liabilities are restated at the closing exchange rates. Foreign currency assets and liabilities covered by forward contracts are stated at contracted rates. Premium or discount on forward exchange contracts taken against committed transactions are amortized and recognized in the profit and loss account over the period of contract.
- (b) In the case of Current Assets / Liabilities the difference (Gain or Loss) between the actual payment and the amount recognized in the books is accounted as Exchange Gain or Loss. Where the transaction is not settled within the year, profit / loss arising on the restatement at the year-end rates is recognized as exchange gain or loss in the profit and loss account.
- (c) In case of Depreciable Capital assets having long term foreign currency monetary arrangement the Company opt to add or deduct the exchange differences to the cost of the depreciable capital assets and depreciate it over the balance life of the asset. In case of other long term foreign currency monetary items the Company opts to accumulate the exchange differences in a "foreign currency monetary translation difference account" which are amortised over the balance period of such long term asset or liability not beyond 31<sup>st</sup> March 2020, by recognition as income or expense in each of such periods.

#### **9. Employee Benefits**

##### **(1) Defined Contribution Plan**

The Company's Provident Fund Scheme, Superannuation Scheme and ESI Plans are Defined Contribution Plans and the Company's contribution paid / payable is recognized as expense in the Profit and Loss Account during the period in which the employees render the related service.

##### **(2) Defined Benefit Plan / Other long term employee benefits**

- (a) The Company's Gratuity and Long-Term compensated absences are Defined Benefit Plans / other long term employee benefits respectively. The Company's liability towards Gratuity are determined using the Projected Unit Credit Method which recognizes each period of service as giving rise to additional unit of Employee Benefit Entitlement. The Gratuity scheme is operated through Group Gratuity Scheme of LIC.
- (b) The Gratuity liabilities are provided based on Actuarial Valuation certified by LIC. Actuarial gains and losses are charged to Profit and Loss account.
- (c) Long term compensated absences are provided for based on independent Actuarial valuation. Actuarial gains and losses are charged to Profit and Loss account.
- (3) Short term employee benefits are recognized as an expense at the undiscounted amount in the year in which the employee renders the services / vesting period of the benefit.

#### **10. Impairment of Assets**

The carrying values of assets at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use.

#### **11. Provision, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

#### **12. Product Warranty Expenses**

Product Warranty expenses are accounted based on the claims received and accepted during the year and estimates in accordance with the warranty policy of the company

## NOTES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT – (Contd.)

20. NOTES ON ACCOUNTS	2015	2014
	(₹ in Lakhs)	
1. The factory land at C-15/3 Maraimalai Nagar for expansion activities was acquired from C.M.D.A., under Lease-Cum-Sale Agreement for a total consideration of ₹.13.23 Lakhs. The title for the land will be transferred by C.M.D.A., after completion of one year of commencement of commercial production and completion of 8 years of lease period. Discussions are in progress with CMDA regarding the compliance of the conditions for transfer of land to the company.		
2. Contingent liability exists in respect of		
(a) Bills Discounted	363.02	461.60
(b) Outstanding Letters of Credit	257.51	237.87
(c) Bank Guarantees	101.00	1.00
(d) Income Tax / Sales Tax matters under appeal	579.58	579.58
(Amounts remitted against the disputed tax upto March'15 – ₹.163.50 lakhs and included in advance tax under the schedule Loans and Advances-Schedule.12)		
(e) The Company had imported Plant and Machinery (Capital Goods) in the earlier years at concessional rate of duty under the Export Promotion Capital Goods Scheme. The Export Obligation to be met in this regard by the Company/Group Company, as per the Scheme before 2014-15 amounts to ₹.2712.91 Lakhs. The Company / Group Company has met obligation to the extent of ₹.1767.76 lakhs by March'14. The Company had time limit upto August 2014. The EPCG Regulations provides for extending the time limit. The Company had already applied for extension of this time limit for meeting this obligation.  The Company during the year 2014-15 has met Export Obligation after maintaining average exports to the tune of ₹.235.19 Lakhs. However, as the Company is yet to get the approval for extension of time limit, this export sale has not been apportioned against the liability. Once the Company obtains the extension, ₹.235.19 Lakhs will be apportioned against the liability and the outstanding liability will be ₹.709.96 Lakhs as at March 31, 2015. However, in case of non-fulfillment of export obligation, unless the period is extended, liability to pay the proportionate duty saved along with interest will arise.		
(f) Claims due from custom authorities	42.43	42.18
3. Estimated value of contracts on Capital Account not provided for (net of advances)	701.14	292.63
4. Figures for the previous year have been regrouped / reclassified wherever necessary to make them comparable with current year figures.		
5. Figures are rounded off to the nearest Rupee.		

**NOTES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT – (Contd.)**

20. NOTES ON ACCOUNTS ( Contd... )		2015		2014	
		Quantity	Value ₹	Quantity	Value ₹
<b>6. Sales</b>					
Piston Rings	Nos	1,62,48,728	51,55,57,500	1,13,65,604	43,32,12,229
Differential Gears, Pole Wheel and other Transmission Components	Nos	30,65,363	35,22,74,891	24,72,512	26,60,64,473
Piston Pin	Nos	3,42,487	80,28,923	9,60,055	2,13,82,739
Tooling	Nos	30,937	7,48,81,058	20,248	5,04,39,656
Sale of Scrap			94,57,403		38,12,657
Revenue from Sub-contracts and Jobbing Charges			4,86,62,264		6,89,82,327
Others			40,17,731		34,75,000
			<b>101,28,79,769</b>		<b>84,73,69,081</b>
<b>7. Consumption of Raw Materials</b>					
Steel Wire	Kgs.	53,194	9,27,52,274	48,700	9,35,32,732
Bought-out Components	Nos.	8,95,728	51,82,561	9,48,816	82,33,940
Ring Blanks	Nos.	44,38,381	9,44,74,410	36,82,403	7,83,43,198
Plasma Powder	Lbs.	11,330	2,26,52,854	14,485	3,22,15,321
Pin	Nos.	3,36,600	77,36,293	9,75,460	1,85,50,136
Steel Rods	Kgs.	9,48,135	13,02,06,861	3,66,529	8,22,60,523
PCD	*	–	2,72,69,178	–	1,83,04,222
			<b>38,02,74,431</b>		<b>33,14,40,072</b>
*Comprises of multiple Units of Measurements and hence not quantifiable					
<b>8. Opening and Closing Stocks of Goods Produced (P)</b>					
<b>Piston Rings (P) Nos.</b>					
Opening Stock		4,24,811	1,96,75,811	2,98,586	1,64,73,785
Closing Stock*		5,45,836	3,34,98,824	4,24,811	1,96,75,811
* Closing Stock Includes Piston Pin of 2455 nos with a value of 67,678					
<b>Differential Gears, Pole Wheel and other Transmission Components (P) Nos.</b>					
Opening Stock		3,422	5,40,249	3,174	4,22,372
Closing Stock		62,838	1,23,72,944	3,422	5,40,249
<b>Tooling</b>					
Opening Stock		1,381	29,95,426	–	–
Closing Stock		652	12,43,132	1,381	2,995,426
<b>9. Capacities of Production</b>					
<b>Piston Rings Nos.</b>			<b>Qty.</b>		<b>Qty.</b>
Licensed Capacity per annum			150.00 Lakhs		150.00 Lakhs
Installed Capacity per annum (as Certified by the Management)			150.00 Lakhs		150.00 Lakhs
Production during the year*			1,67,12,240		1,24,51,884
* This includes 36,09,417 nos (27,07,604 for 2013-14) of piston rings for the purpose of making into sets and piston pins 3,36,577 nos (9,68,420 for 2013-14) purchased from outside.					
<b>Differential Gears, Pole Wheel and other Transmission Components Nos.</b>					
Licensed Capacity per annum			40 Lakhs		40 Lakhs
Installed Capacity per annum (as Certified by the Management)			40 Lakhs		40 Lakhs
Production during the year			31,24,779		24,72,760
<b>Toolings</b>					
Licensed Capacity per annum			95,000.00		95,000.00
Installed Capacity per annum (as Certified by the Management)			95,000.00		95,000.00
Production during the year			30,208		21,629

## NOTES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT – (Contd.)

		2015		2014	
		₹	%	₹	%
<b>10. Consumption of Materials</b>					
Raw Materials	Imported	14,59,26,384	38.93	16,99,09,226	52.57
	Indigeneous	22,88,96,715	61.07	15,32,89,630	47.43
		<b>37,48,23,099</b>	<b>100.00</b>	<b>32,31,98,856</b>	<b>100.00</b>
Components	Imported	3,26,838	6.00	1,67,580	2.03
	Indigeneous	51,24,494	94.00	80,73,638	97.97
		<b>54,51,332</b>	<b>100.00</b>	<b>82,41,218</b>	<b>100.00</b>
Machinery Spares	Imported	18,04,550	11.56	21,57,400	16.96
	Indigeneous	1,37,99,151	88.44	1,05,64,578	83.04
		<b>1,56,03,701</b>	<b>100.00</b>	<b>1,27,21,978</b>	<b>100.00</b>
<b>11. Value of Imports on CIF basis</b>				<b>2015</b>	<b>2014</b>
				₹	₹
Raw Materials				11,73,27,003	17,06,26,863
Machinery Spares				11,48,138	5,97,682
Capital Goods				–	2,51,56,722
Stores				66,69,929	45,18,632
<b>12. Earnings in Foreign Currency</b>					
(on Receipt Basis)					
Exports				1,80,21,207	15,99,085
Contribution received towards New Product Development				25,78,314	19,77,845
<b>13. Expenditure in Foreign Currency</b>					
(on Payment Basis)					
Royalty				1,16,82,365	64,60,252
Travel				35,55,194	28,83,010
Professional Fee/Technical Services				26,74,809	24,52,802
Capital expenditure/advance				2,45,22,596	–
Others				2,13,298	1,88,162
<b>14. Remuneration to Managing Director</b>				<b>90,34,290</b>	<b>88,20,047</b>
The approval for the year 2013-14 is awaited from the Central Government					
<b>15. Employee Benefits under Accounting Standard – 15 (Revised)</b>					
Defined Contribution Plan					
Contribution to Defined Contribution Plan, are charged off for the year as under					
Employer's Contribution to Provident Fund – ₹.73,73,395					
Employer's Contribution to Superannuation Fund – ₹.13,18,474					
Employer's Contribution to Employees State Insurance – ₹.11,44,110					
Defined Benefit Plan					
Gratuity					
The Company operates gratuity plan through Life Insurance Corporation of India. Every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service depending on the date of joining, subject to a maximum of ₹.10,00,000/-, except in the case of Managing Director where there is no maximum limit. The benefit vests after five years of continuous service. The present value of obligation is determined based on actuarial valuation.					
Leave Salary Encashment					
Eligible employees can carry forward and encash leave on superannuation or death or permanent disablement subject to a maximum accumulation of 120 days except in the case of Managing Director where there is no limit to maximum accumulation. The present value of obligation is determined based on actuarial valuation.					
The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.					

# NOTES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT – (Contd.)

## 20. NOTES ON ACCOUNTS ( Contd.... )

	2014 – 2015		2013 – 2014		2012 – 2013		2011 – 2012		2010 – 2011	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
a. Reconciliation of Opening and closing balances of Defined Benefit Obligation										
Defined Benefit Obligation at the beginning of the year	1,58,74,430	48,84,914	1,50,14,214	45,30,260	1,15,81,884	42,80,637	89,56,656	40,85,448	91,44,252	49,64,692
Current Service Cost	13,20,324	1,41,615	11,48,883	1,33,214	10,19,364	1,31,846	8,78,864	5,58,360	8,10,455	5,17,375
Interest Cost	12,69,954	4,39,642	12,01,137	3,70,122	9,26,551	3,66,730	7,16,532	3,18,908	7,31,540	3,28,183
Actuarial (gain)/loss	(9,13,452)	4,57,999	(9,85,660)	(1,48,682)	28,91,007	(98,916)	15,33,117	(4,83,885)	2,20,081	–
Benefits paid	(4,20,992)	–	(5,04,144)	–	(14,04,592)	(1,50,037)	(5,03,285)	(1,98,194)	(19,49,672)	(17,24,802)
Defined Benefit obligation at year end	1,71,30,264	59,24,170	1,58,74,430	48,84,914	1,50,14,214	45,30,260	1,15,81,884	42,80,637	89,56,656	40,85,448
b. Reconciliation of Opening and closing balances of fair value of plan assets										
Fair value of plan assets at beginning of the year	1,57,69,725	–	1,21,35,703	–	92,44,077	–	78,75,253	–	74,96,699	–
Expected return on plan assets	13,99,481	–	12,59,655	–	10,89,100	–	7,90,706	–	6,80,673	–
Actuarial gain/(loss)	–	–	–	–	–	–	–	–	–	–
Employer contribution	1,04,705	–	28,78,511	–	32,07,118	–	10,81,403	–	16,47,553	–
Benefits paid	(4,20,992)	–	(5,04,144)	–	(14,04,592)	–	(5,03,285)	–	(19,49,672)	–
Fair value of plan assets at year end	1,68,52,919	–	1,57,69,725	–	1,21,35,703	–	92,44,077	–	78,75,253	–
Actual return on plan assets	13,99,481	–	12,59,655	–	10,89,100	–	7,90,706	–	6,80,673	–
c. Reconciliation of fair value of plan assets and obligations										
Fair value of plan assets as at 31 <sup>st</sup> March	1,68,52,919	–	1,57,69,725	–	1,21,35,703	–	92,44,077	–	78,75,253	–
Present value of obligation as at 31 <sup>st</sup> March	1,71,30,264	59,24,170	1,58,74,430	48,84,914	1,50,14,214	45,30,260	1,15,81,884	42,80,637	89,56,656	40,85,448
Amount recognised in Balance Sheet	2,77,345	59,24,170	1,04,705	48,84,914	28,78,511	45,30,260	23,37,807	42,80,637	10,81,403	40,85,448
d. Expenses recognised during the year										
Current Service Cost	13,20,324	1,41,615	11,48,883	1,33,214	10,19,364	1,31,846	8,78,864	5,58,360	7,31,540	5,17,375
Interest Cost	12,69,954	4,39,642	12,01,137	3,70,122	9,26,551	3,66,730	7,16,532	3,18,908	8,10,455	3,28,183
Expected return on plan assets	(13,99,481)	–	(12,59,655)	–	(10,89,100)	–	(7,90,706)	–	(6,80,673)	–
Net Actuarial (gain) / loss	(9,13,452)	4,57,999	(9,85,660)	(1,48,682)	28,91,007	(98,916)	15,33,117	(4,83,885)	2,20,081	–
Net Cost	2,77,345	10,39,256	104,705	3,54,654	37,47,822	3,99,660	23,37,807	3,93,383	10,81,403	8,45,558
e. Actuarial assumptions Mortality Table (L.I.C.)										
Discount rate (per annum)	8.00%	9.00%	8.00%	9.00%	1994-96	1994-96	1994-96	1994-96	1994-96	1994-96
Expected rate of return on plan assets (per annum)	8.00%	–	8.00%	–	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Rate of escalation in salary (per annum)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

## NOTES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT – (Contd.)

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### 20. NOTES ON ACCOUNTS ( Contd... )

#### 16. Segment Reporting under Accounting Standard – 17

The Company operates in a single primary business segment namely, manufacture of Auto Component – Piston Rings, Differential Gears, Pole Wheel and other Transmission Components. Hence no separate disclosure is required.

#### 17. Related Party Disclosures under Accounting Standard - 18

Names of Related Parties and description of relationship:

<b>Holding Company</b>	Amalgamations Private Ltd.,
<b>Subsidiaries</b>	NIL
<b>Fellow Subsidiaries</b>	Simpson & Company Ltd., Addison & Company Ltd., Amco Batteries Ltd., George Oakes Ltd., India Pistons Ltd., IP Pins & Liners Ltd., Shardlow India Ltd., Simpson & General Finance Company Ltd., Sri Rama Vilas Service Ltd., Tractors & Farm Equipment Ltd., TAFE International Traktor Ve Tarim Ekipmani Sanayi Ve Ticaret Ltd., Sirketi TAFE Access Ltd., Southern Tree Farms Ltd., TAFE USA Inc, T.Stanes & Company Ltd., Stanes Motors (South India) Ltd., Stanes Agencies Ltd., Wheel & Precision Forgings India Ltd., Associated Printers (Madras) Pvt Ltd., Associated Publishers (Madras) Pvt Ltd., Higginbothams Pvt Ltd., The Madras Advertising Company Pvt Ltd., Speed-A-Way Pvt Ltd., Bimetal Bearings Ltd., Amalgamations Repco Ltd., Stanes Amalgamated Estates Ltd., Stanes Motor Parts Ltd., Wallace Cartwright & Company Ltd., London, W.J.Groom & Company Ltd., London, L.M.Van Moppes Diamond Tools India Pvt Ltd., IPL Green Power Ltd., TAFE Reach Ltd., TAFE Motors & Tractors Limited, Alpump Limited, IPL Engine Components Pvt Ltd., Tafe Tractors Changshu Company Limited, China
<b>Associates</b>	NIL
<b>Key Management Personnel</b>	Mr. A. Venkataramani, Mr. R. Venkataraman and Mrs. S. Priyamvatha
<b>Relatives of Key Management Personnel</b>	Mr. N. Venkataramani, Mrs. Sita Venkataramani, Mr. Gautam Venkataramani

**NOTES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT – (Contd.)**

**20. NOTES ON ACCOUNTS ( Contd... )**

₹.

Name of the party	Year	Sale of Goods (Gross)	Rendering of services – Income	Purchase of Goods	Purchase of Capital Items	Technical fee paid	Receiving of Services Expense	Management contracts including for deputation of employees Expense	Loan taken	Outstanding Loan (Cr.)	Interest Paid	Amounts Outstanding Dr./ (Cr.)
Bimetal Bearings Ltd	2014-15	6,87,031	3,04,693	-	-	-	-	-	-	-	-	6,02,247
	2013-14	6,94,210	2,15,731	-	-	-	-	-	-	-	-	3,00,962
India Pistons Limited	2014-15	20,89,13,552	4,79,30,627	9,82,51,690	4,80,564	-	2,75,94,163	35,35,780	1,20,00,000	5,00,00,000	52,57,233	4,88,49,071
	2013-14	15,26,18,768	6,23,72,842	8,39,31,215	-	-	2,25,47,060	19,41,601	3,80,00,000	3,80,00,000	43,60,548	4,22,36,959
Simpson & Co. Limited	2014-15	1,80,68,603	10,06,745	-	-	-	77,739	-	-	7,00,00,000	70,00,000	7,39,445
	2013-14	2,04,13,540	17,39,168	-	-	-	65,490	-	-	7,00,00,000	51,58,903	(6,64,223)
IP Pins & Liners	2014-15	-	16,49,640	53,16,145	8,25,846	-	-	-	-	-	-	42,98,717
	2013-14	-	13,00,265	1,67,78,673	5,70,86,823	89,88,800	4,31,312	27,97,785	-	-	-	14,52,572
Sri Ram Vilas Service Ltd.	2014-15	-	-	-	-	-	45,09,896	-	-	-	-	(15,78,042)
	2013-14	-	-	-	-	-	42,62,358	-	-	-	-	(8,97,262)
Addison & Co. Ltd	2014-15	-	-	9,90,082	-	-	-	-	-	-	-	(2,24,751)
	2013-14	-	-	8,06,580	-	-	-	-	-	-	-	(2,06,933)
Amalgamations Pvt Ltd.	2014-15	-	-	-	-	-	4,67,064	-	-	-	-	(2,24,748)
	2013-14	-	-	-	-	-	4,49,124	-	-	-	-	(1,89,163)
Associated Printers (M) Pvt Ltd.	2014-15	-	-	-	-	-	1,46,262	-	-	-	-	-
	2013-14	-	-	-	-	-	1,62,462	-	-	-	-	-
Speed A Way Pvt Ltd	2014-15	-	-	-	-	-	4,96,594	-	-	-	-	(1,27,306)
	2013-14	-	-	-	-	-	6,12,931	-	-	-	-	(83,937)
The Madras Advertising Co Ltd	2014-15	-	-	-	-	-	1,87,743	-	-	-	-	(899)
	2013-14	-	-	-	-	-	5,618	-	-	-	-	(5,506)
LM Van Moppes Diamond Tools India Pvt Ltd	2014-15	-	-	14,382	-	-	-	-	-	-	-	(14,302)
	2013-14	-	-	87,044	-	-	-	-	-	-	-	(67,625)
A. Venkatramani	2014-15	-	-	-	-	-	90,34,290	-	-	-	-	(24,388)
	2013-14	-	-	-	-	-	78,21,216	-	-	-	-	(12,78,324)
R. Venkatraman	2014-15	-	-	-	-	-	16,05,527	-	-	-	-	-
	2013-14	-	-	-	-	-	12,69,615	-	-	-	-	-
S. Priyamvatha	2014-15	-	-	-	-	-	11,64,723	-	-	-	-	-
	2013-14	-	-	-	-	-	10,39,535	-	-	-	-	-

## NOTES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT – (Contd.)

### 20. NOTES ON ACCOUNTS ( Contd... )

#### 18. Earnings Per Share under Accounting Standard – 20

Description	2015 ₹	2014 ₹
Profit after Taxation as Per Profit & Loss Account	(48,54,597)	(2,75,56,361)
Number of Equity Shares Outstanding	70,42,147	70,42,147
Basic and Diluted Earnings Per Share	(0.69)	(3.91)
Nominal Value Per Equity Share	10.00	10.00

#### 19. Research and Development Expenditure

##### Capital

– Tangible Assets	69,500	19,15,031
(A)	69,500	19,15,031

##### Revenue

– Salaries, wages and bonus	22,43,757	22,25,855
– Materials, consumables and spares	1,09,850	1,00,905
– Other Expenditure	4,94,167	14,04,511
(B)	28,47,774	37,31,271
Total (A + B)	29,17,274	56,46,302

This disclosure is being made pursuant to the requirement of the guidelines published by the Department of Scientific and Industrial Research (Ministry of Science & Technology) with regard to the approval of Research and Development expenditure U/s.35 (2AB) of the Income Tax Act, 1961.

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2015**

	<b>2015</b> <b>₹</b>	<b>2014</b> <b>₹</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and Extraordinary Items	(1,15,28,971)	(3,61,62,969)
<b>ADJUSTMENTS FOR</b>		
Depreciation	6,71,12,426	6,91,09,784
Interest received	(36,210)	(43,967)
Dividend Received	(2,475)	(25,850)
Interest and Finance charges	7,74,64,265	6,47,43,075
Loss on Sale of Fixed Asset	2,66,997	10,05,086
Profit on Sale of Fixed Asset		(34,934)
<b>Total Adjustments</b>	<b>14,48,05,003</b>	<b>13,47,53,194</b>
<b>Operating Profit Before Working Capital Changes</b>	<b>13,32,76,032</b>	<b>9,85,90,225</b>
<b>ADJUSTMENTS FOR</b>		
Trade and Other Receivables	(5,01,95,959)	(1,42,61,070)
Inventories	(4,73,28,816)	(2,49,32,047)
Trade Payables	2,65,05,546	1,62,48,222
<b>Total Adjustments</b>	<b>(7,10,19,229)</b>	<b>(2,29,44,895)</b>
<b>Cash Generated from Operations</b>	<b>6,22,56,803</b>	<b>7,56,45,330</b>
Interest Paid	(7,78,23,961)	(6,59,72,600)
Direct Taxes Paid	(86,98,310)	(4,399)
<b>CASH FLOW BEFORE EXTRAORDINARY ITEMS</b>	<b>(2,42,65,468)</b>	<b>96,68,331</b>
Extraordinary Items	—	—
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(2,42,65,468)</b>	<b>96,68,331</b>
<b>( TOTAL A )</b>		
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(5,54,37,573)	(12,10,53,973)
Sale of Fixed Assets	1,42,857	12,57,642
Purchase of Investment	—	(3,53,830)
Interest Received	36,210	43,967
Dividend Received	2,475	25,850
<b>NET CASH USED IN INVESTMENT ACTIVITIES</b>	<b>(5,52,56,031)</b>	<b>(12,00,80,344)</b>
<b>( TOTAL B )</b>		

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2015 – (Contd.)**

	2015 ₹	2014 ₹
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Secured Loans	23,82,22,787	24,32,06,294
Proceeds from Unsecured Loan	5,00,00,000	13,00,00,000
Repayment of Secured Loan	(16,29,47,510)	(25,86,09,120)
Repayment of Unsecured Loans	(4,05,00,000)	–
Dividend Paid	(2,68,008)	(2,79,514)
Dividend Tax Paid	–	–
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>8,45,07,269</b>	<b>11,43,17,660</b>
<b>(TOTAL C)</b>		
<b>D. NET INCREASE / (DECREASE) IN CASH OR CASH EQUIVALENTS</b>	<b>49,85,770</b>	<b>39,05,647</b>
<b>(A+B+C)</b>		
<b>E. Cash and Cash Equivalents (Opening Balance)</b>	<b>75,50,654</b>	<b>36,45,007</b>
<b>F. Cash and Cash Equivalents (Closing Balance)</b>	<b>1,25,36,423</b>	<b>75,50,654</b>
<b>(D+E)</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances as per Balance Sheet – (Note below)	1,25,36,423	75,50,654
<b>Cash and Cash Equivalents as per Cash Flow Statement</b>	<b>1,25,36,423</b>	<b>75,50,654</b>
Note : Includes Balance in Unpaid Dividend Account	11,33,538	14,01,546
The above Cash Flow Statement has been prepared under the “Indirect Method” as set out in Accounting Standard - 3 on Cash Flow Statement issued as per Companies Accounting Standard Rules, 2006.		

This is the Cash Flow referred to in our Report of even date

R. VENKATARAMAN  
Chief Financial Officer

A. VENKATARAMANI  
Managing Director

For R.G.N. PRICE & CO  
Chartered Accountants  
Firm Regn. No. 002785S

S PRIYAMVATHA  
Company Secretary  
Chennai  
27.05.2015

N. VENKATARAMANI  
P. M. VENKATASUBRAMANIAN  
Directors


MAHESH KRISHNAN  
Partner  
Membership No. 206520

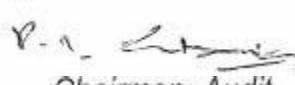
## FORM A

**Format of covering letter of the annual audit report to be filed with the stock exchanges**

1. Name of the Company: IP Rings Ltd.
2. Annual financial statements for the year ended 31st March 2015
3. Type of Audit observation Un-qualified
4. Frequency of observation Not Applicable

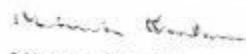
  
Managing Director

  
Chief Financial Officer

  
Chairman, Audit Committee

Auditor of the Company

For R. G. N. PRIDE & CO.  
Chartered Accountants

  
Mahesh Krishnan  
Partner  
M. No. 206520  
FR No. 002785S